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# Regional Niagara
# Economic Development Study
# — Technical Report

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**THE URBAN, REGIONAL AND ENVIRONMENTAL AFFAIRS GROUP**

**Woods Gordon**

**Woods Gordon**

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January 23, 1980

Mr. A. Veale
Director
Planning and Development Department
Regional Municipality of Niagara
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St. Catharines, Ontario
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Dear Sir:

We are very pleased to submit the Technical Report for the Regional Niagara Economic Development Study. This report is a resource document, encompassing the research, surveys and analyses completed between September and December 1979 in conformity with the work specifications for Study Phases 1 and 2 set out in the approved Study Programme (September 19, 1979).

We would like to acknowledge the ongoing contributions and advice of the Regional Chairman, Mr. J.E. Campbell, the Chairman of the Economic Development Study Committee, Mr. R. Bell, the other Members of and Advisors to the Committee and the great number of people in industry, tourism, commerce, local government and the educational sector in Niagara who willingly gave of their time and trust to contribute directly to the success of this important project. Their candid, constructive and valuable inputs have been fundamental to the substance, direction and final outputs of this undertaking. The names of the

Committee Members and Advisors are listed separately in the Report, as are the major contributors to our survey of the tourism sector. The names of participants in the four (4) workshops, the industrial and real estate (office-based services) interviews are withheld for reasons of confidentiality. Our sincere thanks are due to you, Drew Semple and other members of the Planning and Development Department for your advice and assistance.

As noted, this is a technical resource document. It cannot and should never be seen or used as a definitive or final assessment of the complex matters which it covers. It should be subjected to active scrutiny and use by all interested parties. It is to be expected that the conclusions will be refined and extended with the passage of time. This Report will form, along with other inputs, the critical ingredients to the forthcoming Final Report on the recommended Regional development programme and the development vehicle for Niagara.

Yours truly,

Woods Gordon

c.c.: M.J. McClew
D.J.A. Douglas
R.F. Blanchard
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## ECONOMIC DEVELOPMENT STUDY COMMITTEE

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|---|---|---|---|
| Chairman | - | R. Bell, St. Catharines | |
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# CONTEXT AND OBJECTIVES

# CONTEXT AND OBJECTIVES

## CONTEXT

The Region of Niagara has been experiencing an increasing rate of unemployment. A number of large industries have ceased operations in Niagara or carried out their expansions elsewhere. In 1979 the Regional Municipality made representation to the Provincial government to assist them in addressing the underlying questions of economic decline and to prepare an action programme for Regional economic development. The Province of Ontario lent its support and in June 1979 Terms of Reference for a study were prepared and sent to a number of consulting firms. On September 27, 1979 Woods Gordon was retained by the Economic Development Study Committee, on behalf of the Regional Municipality of Niagara, to prepare and submit the Regional Niagara Economic Development Study. The Terms of Reference were refined and incorporated into the approved Study Programme on September 19, 1979. The research, surveys and analyses for the programme were completed by December 1979 and submitted in the form of a Technical Report encompassing all of the background work in Phases 1 and 2 of the Study. The Final Report, encompassing the work set out in Phase 3 of the programme, is given over to recommendations for an economic development concept, a set of development programmes, action priorities and strategies and a development vehicle or agency to actually implement the programme.

OBJECTIVES

The primary objective of the Study is to develop a series of economic development programmes to actively advance and promote the economic growth and overall welfare of the Region of Niagara.

To achieve this, the specific objectives of the Study were set out in the Terms of Reference as follows:

"A. An Analysis of Present Situation and Future Economic Prospects:

(i) An examination of the present economic situation including an analysis of the existing and projected labour force.

(ii) An accurate assessment of the kinds and levels of economic growth that the Regional Municipality of Niagara can expect over the next two decades.

(iii) Some assessment of the prospects for the major economic sectors represented in the Region, e.g. food and beverage, tourism, metallurgical, automotive, service, etc.

(iv) A survey of business, labour and government organizations in the Regional Municipality of Niagara designed to solicit the views of these organizations on the Region's future growth prospects.

(v) A major focus on the prospects and potential for economic development in that part of the Regional Municipality south of the Niagara Escarpment.

B. An Analysis of the Strengths and Weaknesses of the Region for Businesses and Industries:

(i) Identify the reasons why industries have or have not located in the Region in the past.

(ii) Identify industries and businesses to which this Region offers the greatest attraction.

C. Preparation of An Action Programme:

(i) Identify the business and industrial development strategies and actions necessary to attract new businesses and industries and also to keep our existing industries.

(ii) Develop an implementation plan for carrying out these strategies.

(iii) Examine and draw conclusions on the alternative business and industrial development roles open to the Region and its area municipalities (notwithstanding the existing legislative restrictions) within the implementation plan."

Source: Regional Municipality of Niagara (1979).

# SUMMARY CONCLUSIONS

# SUMMARY CONCLUSIONS

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# SUMMARY CONCLUSIONS

This part of the Report presents the summary conclusions from the Technical Report, encompassing the research, surveys and analyses from Phase 1 and 2 of this Study. These conclusions and the detailed findings behind them constitute the major, though not the exclusive, inputs into the development programme recommendations in the Final Report on the Region of Niagara Economic Development Programme.

It is to be emphasized that they are summarized conclusions and that to be used properly, the details of the Technical Report should be consulted. It is also to be noted that the conclusions presented here come from two sources: first, the Consultant's independent research and analysis, and second, the views of a cross-section of interest groups inside and outside of the Region, which were gleaned from a variety of surveys (mostly personal interviews) and workshops carried out throughout the three months work in Phases 1 and 2 of the Study.

## THE ECONOMY

### Problems

The Niagara economy has expanded slowly leading to some decline in job opportunities for the expanding labour force. Growth in the economy has depended upon growth in a small numberof sectors. The older heavy manufacturing base has not been and is unlikely to be a major source of new net job opportunities. Growth in the tourism sector has stagnated in recent years. The area still has a relatively high

unemployment rate. Growth potential in the Regional economy is not secure. The job creation rate of new industries is not very high. There is a need for a reliable, up-to-date and comprehensive data base for research into, and the management and monitoring of, the Region's economy.

While we do not expect that the growth in the working-age population over the next decade will, in itself, lead to a rapid rate of growth in demand for jobs, the Region can and must act to build a more secure Regional economy.

Potential

The Region has a great variety of resources ranging from its unique position straddling the U.S./Canada border, its access to the Central Ontario market, access to the Hamilton primary metals complex, first rate environmental assets and a well established industrial base to a highly skilled labour force, a life-style sufficiently removed from most "big city" problems and pressures and a great diversity of cultural and recreational opportunities.

The Region has some advantages and development potentials in a number of "growth" industries. The area can redevelop its tourism industry. The growth record of small, local industries is indicative of a good growth climate in Niagara, as is the record of in-coming smaller manufacturing industries. The important business services sector has recently recorded significant growth with evidence of further potential. The required rate of job creation to reduce unemployment to acceptable levels, to diversify employment opportunities, to expand the tax base and to increase development in the southern part of the Region, is within the areas's potential over the 1980-90 decade.

## THE REGION'S IMAGE

### Problems

From the views expressed in our interviews within and outside the Region, it is apparent that Niagara has:

(a) a relatively poor image with industrialists and the general public, associated with labour unrest and community conflict relating to land development and environmental issues,

(b) an undeveloped Regional tourism image, the present image being limited to the Niagara Falls, the Shaw Festival and a few other tourism attractions, and

(c) an image of a relatively peripheral location.

External perceptions regarding the general business, political and community climate are critical to Niagara's economic competitiveness and its development potential.

### Potential

Image is one element of the Region's characteristics which can, at least in part, be redressed. Niagara has a unique endowment of physical resources and sufficient assets in terms of location, labour force and other factors to be able to rectify much of this problem while projecting an even more positive image. A more favourable and attractive image can in fact be developed and promoted. Promotion can only be developed on the basis of:

(a) the Region's actual stock of resources and assets, and

(b) tangible actions to remedy problems and exploit potentials. This is not a solution in itself, but a way of publicizing the resources and commitments being directed within the Region toward a solution.

TRANSPORTATION/COMMUNICATIONS

Problems

While accessability within Niagara is generally reported as being high and many external access problems may be more perceptual than real (given the Region's peninsular location), there are a number of expressed concerns deserving attention. In the area of internal transportation, there is no comprehensive inter-urban scheduled transit service serving all major urban centres within the Region.* Industrial and other commuters, therefore, do not have access to a full bus service taking them from any community to any urban centre within the Region. The presence of two long distance telephone exchanges within the Region (e.g. for calls from Grimsby to St. Catharines, from Welland to Niagara Falls) does not enhance Niagara's competitive position.

The area, according to the responses to our surveys, suffers in terms of air service because of the distance from Toronto International Airport, access difficulties to Mount Hope Airport and the lack of a complete business flight service at that airport. While taken nowadays as a "given", congestion and delays at peak periods on the Burlington Skyway remains a considerable irritant to industrialists in the area. Access by truck to Southwestern Ontario is reported as being difficult. Transshipment of goods through Toronto to Western Canada by rail is regarded as costly, in terms of time. The Welland Canal is generally regarded as an unexploited resource lost amid intergovernmental wrangling.

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* There is a scheduled daily bus service between St. Catharines, Niagara Falls and Welland and occasional services between these centres and a number of others in the Region.

Potential

Much of Niagara is not significantly more distant from Toronto than Hamilton, Brantford or Burlington. Improvements in highways and the Burlington Skyway would make the western end of the Region more competitive. Continued upgrading of other highways within the Region would also reduce the time/cost disadvantage of the St. Catharines, Niagara Falls, Welland, Port Colborne and Fort Erie areas. There may be environmental and other costs to be borne by these developments. The Region might be served by hovercraft and executive aircraft services in the future. Straddling the U.S./Canada border, the Region has unique opportunities to exploit Canada/U.S. manufactured goods trade opportunities. High speed passenger train service between the Region, Toronto, London and Windsor would be an added asset.

TOURISM IN NIAGARA

Problems

Niagara's tourism facilities, promotions and resources are largely highly concentrated in terms of themes, season and location. They are largely focussed on the physical uniqueness of the Niagara Falls and the associated commercial recreation outlets and related facilities. The average length of stay is less than a day. While slowly expanding, tourism provides a relatively short (e.g. 4 month) economic year and modest wage incomes. Notwithstanding the development of a variety of festivals and other events, and the presence of the Escarpment and two lakeshores throughout the Region, there is relatively little development, very little integration and acute seasonality to tourism in all parts of the Region (outside of the

Niagara Falls area). Our interviews indicate that there are some conflicting issues between the tourism and the industrial sectors. There is a lack of a comprehensive Regional tourism data base for planning and development purposes. Many of the Region's tourism facilities are old and there are some pockets of poor quality development.

Potential

Niagara, because of its location and physical geography, has unique and world renowned resources. The potential in this area remains considerable. The approach in the future, however, must be developmental, anticipating and exploiting opportunities, developing new "products" while diversifing and integrating the Region's resources and facilities toward year-round multi-location tourism. The spectrum of development opportunities ranges from (a) continued concentrated development and redevelopment of the Niagara Falls area, including the Niagara-on-the-Lake area, to (b) a deconcentrated strategy to focus tourist flows on new centres of recreation, cultural activities and entertainment. While there are many unknowns, Canada as a whole is becoming much more price competitive in international tourism, more Canadians are vacationing at home and real disposable incomes are rising. With an aggressive and imaginative approach, Niagara can diversify its tourism resources and expand its potential in this vital sector.

## THE LABOUR FORCE IN NIAGARA

### Problems

While our surveys indicate that there are problems with the external image of the Region's labour force and some internal concerns, it is generally felt that the Region is fortunate in having a skilled, stable and high quality labour force. However, there have been problems in the area of militancy and labour/management strife. There are some general problems in the availability of skilled labour (e.g. tool and die makers, machinists) and the southern parts of the Region are short on skilled labour in general.

### Potential

Given the recognition of the problem the climate in labour/management relations can be improved. The community can increase the number of skilled workers. Niagara's labour force has a long tradition of industrial crafts and production discipline, it has the educational facilities and industries to upgrade labour force skills and has a large pool of semi-skilled and unskilled female labour. The area has a relatively high level of unionized workers and should not be faced by future unrest typical of formative years in union penetration and acceptance.

## SERVICED INDUSTRIAL LAND IN NIAGARA

### Problems

While there is no absolute shortage of potential industrial land in Niagara, the Region does have a shortage of serviced industrial land. The shortage is evident in terms of quantity, quality

(e.g. size of land blocks) and location. Unlike many other municipalities the Region does not have a leading, prestigious and large industrial park.

The fundamental problem of the costs of servicing industrial land and other development costs borne by the Area Municipalities, cannot be resolved outside of the broader issues of municipal finance and especially the unabated inter-municipal competition for industrial and commercial assessment. This fundamental issue goes beyond the boundaries of Niagara.

Potential

Given the willingness of the Regional Municipality and the Area Municipalities to redress this shortage, there is no reason why Niagara cannot bring a competitive and diverse supply of serviced land onto the market. Issues regarding the financing of industrial lands, the provision of services, the length and nature of the approvals process and the question of conflicting land development objectives (related to the urban boundaries issue before the OMB), have to and can be resolved. At the moment, the available serviced industrial land in Niagara is very competitive with neighbouring municipalities in terms of price. Niagara is starting from a relatively low base and should have considerable flexibility in terms of the type, location and pricing of industrial parks.

## THE DEVELOPMENT PROCESS: HOUSING AND INDUSTRIAL DEVELOPMENT

### Problems

It is widely believed that the approval process for residential and some industrial developments has been too slow, complicated and expensive. These views are reported by a diverse cross-section of the community and not only by development industry interests. It should be noted that the recent record of residential subdivision approvals by the Regional Municipality suggests that the Region's approval process is, in an Ontario setting, now relatively fast and may now be making good this perceived deficiency.*

The perception of a complicated process is more than likely due to the number of governments who might have an interest in a development proposal in some parts of Niagara. This is in addition to the number of departments in any one layer of goverment who might want to comment on any development application. The concerns regarding the length of time may reflect (a) the protracted preparation of the Regional Official Plan, (b) the number of unsettled issues still before the Minister of Housing and the Ontario Municipal Board, (c) the fact that up until late 1977 all subdivision applications went to the Province for approval, (d) the variety of avenues for inserting and expressing public input to the planning process in Ontario, and (e) the actual number of months which it still takes to get a decision on many projects.

An additional area of concern among a number of industrialists, developers and Area Municipal officials reporting to

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* Between April 1978 and the end of March 1979, decisions were made on 56% of applications received, the average decision process time being 4.7 months.

this Study relates to the lack of substantial tracts of high quality or prestige residential developments. It is not clear whether (a) the quality of proposals, (b) the attitudes of politicians or staff, (c) the variety of unsettled development issues before the OMB and the Province, (d) the Region's earlier policy emphasis on lower-to-middle income housing, or (e) other historical factors, individually or in combination, have retarded the bringing on of prestige residential developments. However, the matter is one of considerable concern and relates directly to the area's economic development potential.

Potential

Once the OMB decisions are announced and the Regional Official Plan finalized, several concerns relating to development should be settled. In addition, it should be a relatively simple matter for the Region to ensure that there are no unnecessary delays in the processing of development applications at the Area Municipal level and, where there is an interest, at the Provincial and Federal levels. The comparative performance of the Region (as against other Regional Municipalities) in processing development applications, and the need to take certain steps in the development approval process to ensure the highest quality of development management, can and should be widely communicated to all concerned.

Given the private sector's willingness to bring on high quality residential development, once the market is there, there should be no insurmountable problems to expanding the area's stock of prestige residential areas. This, combined with Niagara's present diverse stock of rural and urban housing and its advantage of price competitiveness, should enhance the Region's development potential.

## THE DEVELOPMENT CLIMATE IN NIAGARA

### Problems

While many industrialists, commercial operators, municipal politicians and administrators are very satisfied with the development climate in Niagara, our surveys throughout this Study lead us to conclude that the development climate in Niagara is not nearly as good as it might be, and is generally detrimental to the present economic base and the Region's prospects for growth and economic security. The climate has been reported in our surveys for this Study as follows:

- marked by some antagonism to industry,
- one of confusion among industrial and commercial residents as to who is responsible for economic development,
- one with very little concrete guidance in terms of Regional economic and development policies (on the part of the Region and the Province),
- characterized by lengthy and costly approvals processess,
- burdened by a perceived lack of competence in most municipalities in area economic development and development management,
- characterized by considerable concern and disappointment regarding the provision and the quality of municipal services,
- one where there is evidence of confusion and inefficiencies through complicated multi-agency deliberations from some four levels of government, and
- characterized by considerable parochialism and unconstructive relationships between municipal politicians.

In an area already known for high profile conflicts between various land development and conservation groups, and equally newsworthly labour/management strife, Niagara must turn the entire climate of development around.

Potential

There is already considerable evidence of change. With the resolution of the urban boundaries issue (now before the OMB), the decade of protracted deliberation on the Regional Official Plan will hopefully conclude. The Niagara Escarpment Plan should be approved in 1981. Given the reduction in the planning area now encompassed by the proposed plan, the impact on the development industry and other interests should be much less than heretofore. There is widespread recognition that a fresh start in the area of community economic development is needed. Attitudes are increasingly positive and constructive. The Region, Area Municipalities and the private sector are intent upon a rigorous and effective economic development process and vehicle for Niagara.

Notwithstanding the comparatively adverse development climate in this Region, industrial and commercial growth has in fact gone ahead in Niagara. With a more positive, cohesive and informed climate the conditions for development and reaping the fruits of well managed growth should be greatly enhanced.

THE SOUTHERN AREA IN THE REGION

Problems

Parts of the Southern area in Niagara (encompassing the urban municipalities of Welland, Port Colborne and Fort Erie) are gradually coming within the urban-industrial momentum of the whole Region. It was reported in our surveys that the area has disadvantages in terms of general access (especially to and from Central Ontario markets), the availability and capacity of sewage services, inadequate

quantities of skilled labour and the availability of urban services and amenities (e.g. good restaurants). The area has had a poor record of industrial growth over the 1971-79 period. Some aspects of the physical condition of urban areas in the southern part of the Region call for substantial upgrading.

Potential

Accessibility can and has been improved. The Southern part of the Region, especially the present urban areas of Welland, Port Colborne and Fort Erie, should benefit from (a) better transportation (b) improved sewage services, (c) the Region's policies which would restrain development in the Escarpment area and prime agricultural lands, and (d) the market trend of development through Thorold, south along the Canal/406 corridor. The area has somewhat more reasonable labour rates than the St. Catharines and Niagara Falls areas. While older and sometimes unsightly industrial developments are common throughout the Region, parts of the southern area are far removed from the more unattractive side-effects of heavy concentrations of older industries, typical of parts of St. Catharines and Niagara Falls, and offer many attractions in terms of quality of life. The area is especially well suited for expanded manufacturing industrial activity related to U.S. markets. The area has a significant pool of semi and unskilled labour.

# APPENDIX 1

# REGIONAL ECONOMIC PERFORMANCE AND FUTURE PROSPECTS

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## 1. INTRODUCTION

In accordance with the approved Study Programme for the Regional Niagara Economic Development Programme, (September 19, 1979), this Appendix presents an overview assessment of the recent economic performance of the Niagara Region, identifies the major growth sectors in the Ontario economy, and outlines some general prospects for growth in the Region. The analysis is a technical "top down" one from the macroeconomic and interregional perspectives. Specifically, this Appendix addresses the following:

1. Task 1.4 - Economic Assessment of Regional Economic Growth
2. Task 1.5 - Assessment of Major Growth Sectors in the Ontario Economy
3. Task 1.6 - Growth Prospects for the Niagara Region, 1979-1990

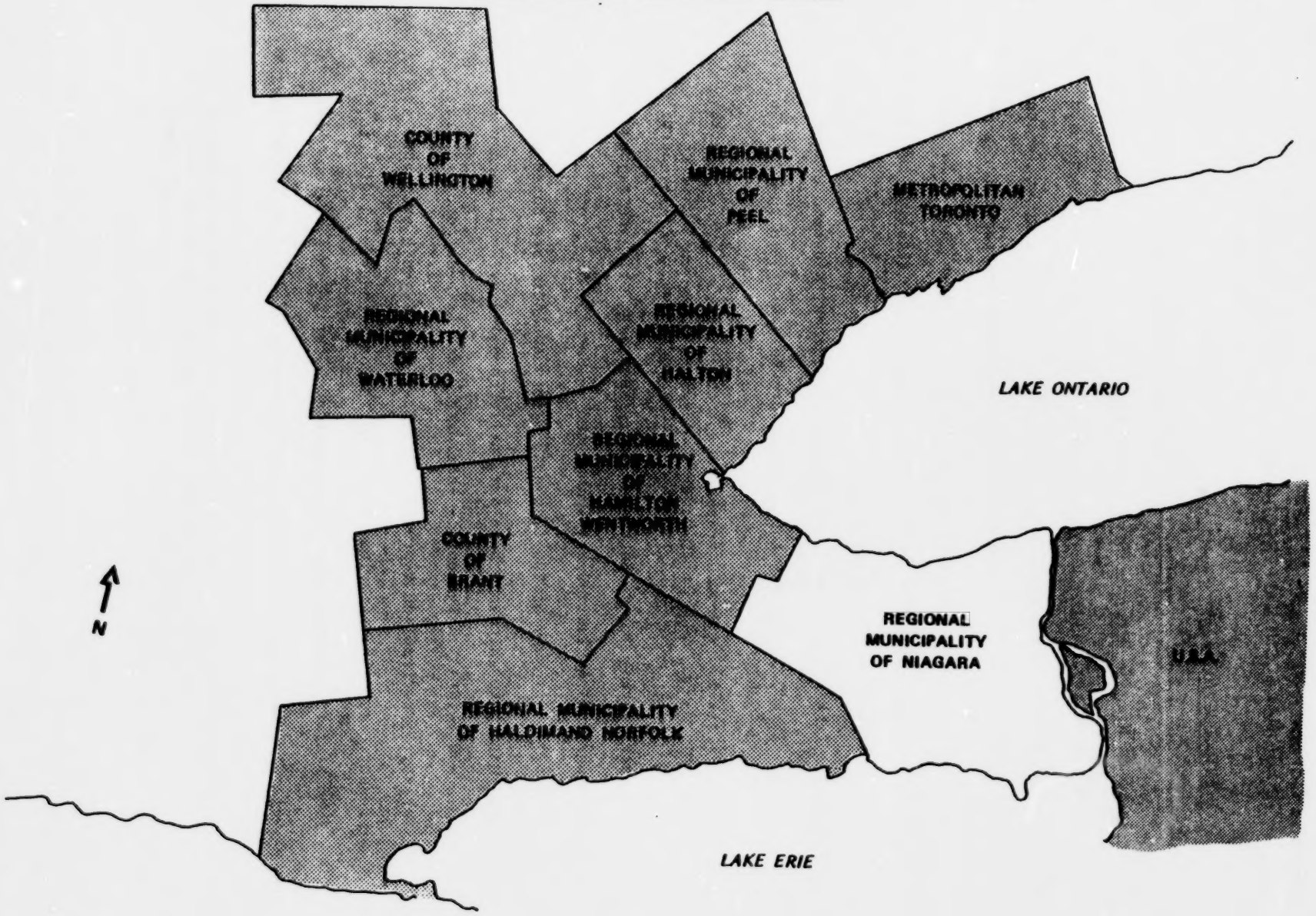
Section 2 of this Appendix addresses Task 1.4, Section 3 addresses Task 1.5, and Section 4 addresses Task 1.6. The major findings and conclusions are summarized in Section 5.

Many of the findings of this Appendix are based upon a 1979 data base which has been originally compiled by Woods Gordon for this and related assignments. This data base has been compiled from a variety of sources and represents the best intelligence available at the present time. These include local and regional industrial directories from Niagara, Hamilton-Wentworth, Halton, Waterloo, Wellington, Peel, as well as interviews with industries and surveys of local municipalities.*

* All Area Municipalities in the Region were surveyed in September 1979 for recent growth in the manufacturing industry sector, available serviced and unserviced industrial land, industrial land absorbtion rates and other statistics.

FIGURE 1

COMPETITIVE REGIONAL ENVIRONMENT



It should be emphasized that this analysis was purposefully carried out from a purely 'desk top' approach, based upon close scrutiny and analysis of a great variety of economic data. While some of our initial conclusions and inputs were modified from the draft document (October 17, 1979) through feedback at the four Workshops in Phase 1 of the Study and through the response from the Region's Planning and Development Staff, the conclusions which we draw from this technical analysis of the Region's performance and prospects from the macroeconomic and interregional perspectives undergo further modification and development from a great number of personal interviews with industrialists and other businessmen, within and outside the Region. These were completed in Phase 2 of the Study (see Appendices 3, 4 and 5 of this Report).

## 2. REGIONAL ECONOMIC PERFORMANCE TO DATE

The purpose of this section is to outline the historical economic performance of Niagara in comparison with other regions in what has been designated as the "competitive economic environment" (see Figure 1). To this end, an analysis of the comparative economic structure of the Region in 1971 is initially presented.* This provides a backdrop against which to view the subsequent discussion on growth industries in Ontario within the Niagara context.

Next a detailed assessment of the manufacturing industry in Niagara is presented. This provides a detailed analysis of the various strengths and weaknesses of the manufacturing base of the

* 1971 is the only year for which comprehensive place-of-work data are available. While the data are now dated, they provide a first basis for comparison. It is unlikely that there will have been significant structural change in the regional economy in the 1971-78 period.

TABLE 1

MUNICIPAL ECONOMIC (EMPLOYMENT) PROFILES FOR THE COMPETITIVE REGION, 1971

| Industry Division* | Niagara % | Hamilton-Wentworth % | Haldimand-Norfolk % | Brant % | Waterloo % | Wellington % | Halton % | Peel % | Metropolitan Toronto % |
|---|---|---|---|---|---|---|---|---|---|
| Agriculture | 4.2 | 1.6 | 27.9 | 6.6 | 2.8 | 9.4 | 3.4 | 2.0 | .1 |
| Forestry, Fishing | - | - | .4 | .1 | .1 | .1 | .1 | - | - |
| Mines & Quarries | .3 | .2 | .5 | .4 | .1 | .2 | .6 | .3 | .3 |
| Manufacturing | 33.9 | 38.1 | 18.4 | 41.4 | 40.8 | 28.2 | 55.7 | 38.8 | 26.1 |
| Construction | 5.9 | 6.8 | 7.8 | 4.4 | 6.1 | 6.0 | 6.5 | 6.5 | 6.1 |
| Transportation Communications | 6.2 | 5.2 | 6.5 | 4.4 | 4.0 | 3.8 | 4.2 | 10.0 | 7.9 |
| Trade | 14.5 | 15.3 | 13.8 | 14.4 | 14.7 | 13.7 | 17.4 | 16.3 | 18.3 |
| Finance, Insurance, Real Estate | 3.1 | 4.2 | 2.3 | 2.7 | 4.9 | 3.0 | 3.3 | 2.0 | 8.2 |
| Community, Business, Personal Services*** | 26.5 | 24.3 | 16.9 | 21.2 | 22.3 | 29.2 | 23.4 | 18.7 | 26.3 |
| - Business Services | 1.8 | 2.1 | N/A | 1.4 | 1.5 | 1.2 | 2.0 | 2.3 | 4.9 |
| - Education and Related | 7.3 | 7.2 | 4.8 | 5.3 | 8.5 | 13.1 | 7.6 | 5.7 | 6.3 |
| - Health and Welfare | 6.0 | 6.9 | 4.2 | 6.9 | 4.7 | 7.3 | 5.1 | 3.6 | 5.8 |
| - Personal | 2.2 | 2.2 | 2.0 | 1.9 | 1.9 | 2.1 | 2.2 | 1.3 | 2.2 |
| - Accommodation & Food | 5.8 | 2.9 | 3.1 | 2.7 | 3.0 | 2.9 | 3.3 | 2.8 | 3.5 |
| Public Administration And Defense | 4.2 | 3.4 | 4.3 | 3.6 | 3.3 | 5.5 | 4.3 | 3.6 | 6.0 |
| Industry Unspecified | 1.0 | .9 | 1.1 | .9 | .9 | 1.0 | 1.0 | 1.0 | .8 |
| Total Employment | 122,685 | 166,135 | 32,380 | 37,250 | 110,425 | 41,405 | 59,975 | 101,855 | 969,634 |
| Total Population | 347,328 | 401,239 | 86,767 | 96,767 | 254,681 | 108,727 | 189,851 | 259,874 | 2,089,729 |
| Activity Rate | .353 | .414 | .373 | .385 | .434 | .381 | .316 | .392 | .464 |
| 'Working Age' Population** | 215,845 | 256,105 | 50,020 | 59,900 | 160,115 | 66,080 | 118,085 | 101,625 | 1,387,970 |
| 'Working Age' Activity Rate | .568 | .649 | .600 | .622 | .690 | .627 | .505 | .630 | .664 |

* Note that the 'miscellaneous' category is not included.

** Defined as those in the 16-64 age brackets.

*** Business services estimated from major urban municipality data. "Other" services includes religious organizations, amusement and recreation services.

region. Two major types of analysis are used here; location quotient analysis, which shows those industries which are most important in terms of their share of employment relative to the share at the national level, and shift/share analysis, which disaggregates employment growth, and shows the contribution of regional factors to that growth. In addition, some results of an input-output analysis, based upon 1965 data are presented for the Region. This analysis is followed by an overall review of growth in manufacturing establishments and employment in the region. Finally an assessment of the performance of the non-manufacturing sectors, especially the services sector, is made.

## 2.1 The Comparative Industrial Structure of the Region in 1971

### Activity Rates

Table 1 compares the industrial employment structure of the Regional Municipality of Niagara with that of other regions within the "competitive economic environment". The bottom line of this table shows activity rates, which may be thought of as the number of jobs available for each person within the region. It is noteworthy that, in terms of total population, the Regional Municipality of Halton has the lowest activity rate, at .316, showing that, for every person, there are .316 jobs available. (Conversely, this may be thought of as 1 job for every 3.2 people.) This is probably the case due to the high net out-commuting to Toronto and Hamilton that is found in Halton.* Not surprisingly, the highest activity rate (.464) is found in Metropolitan

* In 1971, the labour force (i.e. people with jobs) in Halton approximated 76,000, while the employment (i.e. people working in the Region) was only 39,000. This implies that at least 37,000 people (49% of the labour force) who lived in the Region worked outside the Region.

Toronto, with 1 job for every 2.2 people. High activity rates are also found in Hamilton-Wentworth, Waterloo and Peel.

Excluding the rather specialized case of Halton, the Regional Municipality of Niagara had the lowest activity rate (.353) in the competitive economic environment, with 1 job for every 2.8 persons. Because this could be due to a relatively large number of retirees in the Region, the same analysis of activity rates was done using only the working-age population (aged 16-64) as a base. The same general pattern was found, indicating that the reason is more likely to be a large number of seasonal employees in the Region. Another contributing factor might be a marginally higher unemployment rate in Niagara. Note that the general activity rate is not only low for the competitive environment, but also low for the province as a whole. (The Ontario activity rate in 1971 was .399, or 1 job for every 2.5 persons.)

Structure

In general, the employment structure of Niagara in 1971 did not differ markedly from that of other 'metropolitan' regions within the competitive environment (Brant, Hamilton-Wentworth, Waterloo, Halton and Peel). The most divergent regions within the competitive environment were Haldimand-Norfolk and Wellington (both with quite high percentages of the total employment engaged in agriculture and relatively low percentages in the manufacturing sector) and Metropolitan Toronto, with larger-than-average services and trade sectors. Niagara is most similar to Halton and Peel in its employment profile.

The proportion of total employment in the manufacturing sector in Niagara in 1971 was relatively low (33.9%), with .119 jobs per

resident. The higher proportions in Hamilton-Wentworth (38.1%), Brant County (41.4%), Waterloo (40.8%) and Peel (38.8%), combined with higher overall activity rates in these competing municipalities (10-20% higher than Niagara's), mean that most communities in the competitive environment have a significantly higher number of manufacturing jobs per resident than Niagara.* This is likely to be equally true today (1979) with the rapid growth in manufacturing activity in Peel, Wellington and Waterloo over the 1971-79 period and the more recent upturn in Hamilton-Wentworth.

An anomaly in the employment structure of Niagara is the relatively high proportion of employment in the 'accommodation and food services' industry. This proportion is higher than anywhere else in the competitive environment, and reflects the relative importance of tourism to the local economy.

## 2.2 Analysis of Manufacturing

### 2.2.1 The Present Structure of Manufacturing Industries - Location Quotient Analysis

#### Purpose of the Analysis

The "location quotient" method is often used to measure the relative proportion of employment in a certain industry in a certain area compared to the proportion of employment in that industry at the national level. In this approach, the employment size of each manufacturing industry in the region (in terms of its percentage of total manufacturing employment) is compared to the "normal" size for a relatively self-sufficient economy. We have used the Canadian economy here as a basis for comparison. By taking the percentage of employment

* E.g. Hamilton-Wentworth (.158), Brant (.159), Waterloo (.177), and Peel (.152) as compared to Niagara's .119.

in a particular industry for the region, and dividing by the national percentage of employment for the same industry, we obtain a "location quotient" for the industry. For instance, dividing the percentage of manufacturing employment in 1971 in the primary metals industry in Niagara (16.5%) by the percentage of manufacturing employment involved in this sector at the national level in the same year (5.9%), one obtains a location quotient of 2.802. A location quotient greater than 1.0 indicates that the region is an area of some employment concentration or specialization in the production of that particular product or service. A location quotient equal to 1.0 indicates that the community's endowment of that industry is at the same relative level, as on the national level, and a location quotient less than 1.0 implies that the region has a relatively low representation of employment in that industry. Thus location quotient analysis is a useful general descriptor, or indicator, to display the relative concentration or diversity of a region's industrial base.

Implicit in the analysis, however, are several assumptions or inferences which are almost never met in fact. While these do not invalidate our use of this simple index (because we are not using it in the so-called "export base" concept), they do condition the interpretation of the results, and thus the reader should be aware of them. These are:

1. the assumption of self-sufficiency at the national level, within the particular industry;
2. the inference that national demand for goods and services is distributed evenly on a per capita level;
3. the inference that the degree to which the industry depends upon manpower (shown by the capital/labour ratio) may be the same for all regions;

TABLE 2

LOCATION QUOTIENT ANALYSIS OF THE NIAGARA MANUFACTURING SECTOR

| Manufacturing Industry | 1961 Estimated Location Quotient[a] | 1971 Location Quotient | Ratio: 1971 to 1961 |
|---|---|---|---|
| Food and Beverage | .591 | .641 | 1.085 |
| Tobacco Products | .017 | .024 | 1.412 |
| Rubber Products | 1.184 | .664 | .561 |
| Leather Products | .688 | .808 | 1.174 |
| Textile Products | 1.301 | .789 | .606 |
| Knitting Mills | 1.093 | .540 | .494 |
| Clothing Industries | .140 | .081 | .579 |
| Wood Industries | .136 | .124 | .912 |
| Furniture & Fixtures | .195 | .248 | 1.272 |
| Paper Allied Industries | 1.404 | 1.295 | .922 |
| Printing and Publishing | .390 | .429 | 1.100 |
| Primary Metal Industries | 3.845 | 2.802 | .729 |
| Metal Fabricating | 1.791 | 1.419 | .792 |
| Machinery Industries | .882 | 1.150 | 1.304 |
| Transportation Equipment | 3.100 | 3.288 | 1.061 |
| Electrical Products | .592 | .452 | .764 |
| Non-Metallic Minerals | 1.054 | 1.961 | 1.861 |
| Petroleum Products | .034 | .096 | 2.824 |
| Chemical Products | 1.002 | 1.427 | 1.424 |
| Miscellaneous | .867 | .655 | .755 |

a Estimated by applying the 1971 Place-of-Work Employment/1971 Place at Residence Employment ratio to 1961 Place of Residence data for each industry.

4. the inference that productivity throughout each industry may be equal in all regions.

In our use of the index in this Study none of these assumptions or inferences are violated to a sufficient degree to warrant discounting the results of the analysis.

Location Quotient Analysis of Manufacturing in Niagara

Table 2 shows the location quotients for each manufacturing industry in Niagara for 1961 and 1971, based upon place-of-work employment data.* Primary metal industries and transportation equipment manufacturing were, not surprisingly, the two most highly concentrated industries, both with very high location quotients over 2.0. Other industries which were consistently strong over the period, were paper and allied industries, metal fabricating, non-metallic minerals, and chemical products.

Industries which were proportionately smaller than average (i.e. those which had location quotients less than 1.0) were more numerous. In both years, eight manufacturing industries had location quotients less than .7; these were: the food and beverage industry, the tobacco products industry, clothing industries, wood industries, the furniture and fixtures industry, printing and publishing, the electrical products industry, and the petroleum and coal products industry.

These findings indicate that Niagara is a region which has been dominated by a few large industries. While the concentration of certain industries in the Region attests to significant locational

* Note that 1961 place-of-work employment was estimated by applying the ratio of 1971 place-of-work employment to 1971 place-of-residence employment data to 1961 and 1971. In our view, this may slightly distort the true figures, as it is likely that out-commuting from the region in 1971 was greater than in 1961.

TABLE 3

LOCATION QUOTIENT CLASSIFICATION OF MANUFACTURING ACTIVITIES

| | Highly-Concentrated Industries | Lowly-Concentrated Industries |
|---|---|---|
| Increasing concentration 1961-1971 | • machinery industries<br>• transportation equipment<br>• non-metallic minerals<br>• chemical products | • food and beverage<br>• tobacco products<br>• leather products<br>• furniture and fixtures<br>• printing and publishing<br>• petroleum products |
| | I | II |
| | III | IV |
| Decreasing concentration 1961-1971 | • paper allied industries<br>• primary metal industries<br>• metal fabricating | • rubber products<br>• textile products<br>• knitting mills<br>• clothing industries<br>• wood industries<br>• electrical products |

advantages and assets in this part of Ontario, at some point in time, this dominance may have 'imbalanced' the regional economy to some degree; this finding is evidenced by the fact that there are very few location quotients, in either 1961 or 1971, which were close to 1.0, the level of 'self-sufficiency'. This imbalance may manifest itself through such factors as driving up wage rates, utilizing all skilled labour, or vulnerability to severe economic fluctuations in selected industries, etc.

The third column in Table 2 shows the ratio of the 1971 location quotient to the 1961 location quotient. This ratio provides a measure of change; those industries with a ratio greater than 1.0 have increased in their relative importance, while those with a ratio of less than 1.0 have decreased.

Table 3 classifies each of the manufacturing industries according to their 1971 location quotient, and the growth in the location quotient over the 1961-1971 period. Those industries in quadrant I of this table show highly-concentrated activities which have been increasing in concentration. These, then, are healthy industries which grew over the period to increased importance in the structure of national demand. Industries in quadrant II show lowly concentrated activities which have also grown in their propensity to export goods outside the region. This could be seen as a movement towards a greater 'balance' or diversity, in terms of more closely approximating the distribution of employment that is found at the national level, as industries in this quadrant have location quotients approaching 1.0. The same argument could be applied to industries in quadrant III which

shows highly-concentrated industries which had a decreasing location quotient over the period. These industries, too, have location quotients approaching 1.0, which may indicate a greater degree of balance. Those industries in quadrant IV of the table are lowly-concentrated industries which displayed a decreasing location quotient over the 1961-1971 period. Relative to the national economic structure and hence that of other regions, Niagara's representation in these industries is diminishing.

The Input-Output Structure of the Niagara Region

Input-output analysis is a useful tool to explore and study interdependence among various economic activities. Essentially, the technique examines the source of all inputs for each economic activity and traces the destinations of all outputs. Flows of inputs and outputs are measured in terms of dollars (value added) so that the value of production in one industry is directly comparable with that in another. The starting point for the analysis is basically an origin-destination matrix, showing the value of production flowing from one sector to another.

This information can then be analyzed by simultaneously solving a system of linear equations to produce estimates of a particular industry's direct, indirect, and induced effects. These are defined below:*

Direct effects: The income generated by an industry paying wages and salaries, etc. for various services. It is the income received by residents directly from the industry in question.

* For a technical explanation of the procedure, the reader is referred to The Elements of Input-Output Analysis, William H. Miernyk, Random House, 1965.

Indirect effects: The income generated by the industry buying inputs from other industries or firms, thus creating production and, thus, household income.

Induced effects: The income generated by the re-spending of the income realized as a result of direct and indirect effects.

In 1965, a comprehensive input-output table of the Ontario economy was published by the Department of Treasury and Economics. In 1973, A.A. Kibursi, J.R. Williams and P.J. George published a paper, entitled Sub-Provincial Regional Income Multipliers in the Ontario Economy: An Input-Output Approach, in which they attempted to develop a regional input-output model for the Ontario economy based upon the 1965 data. While the data base is dated, and we realize that there has been structural change in the Ontario and Niagara economies since the 1965 Input-Output table was developed, it is our feeling that the data may still yield some interesting information.

The results of the analysis show the direct, indirect and induced effects for industries in terms of the percentage increase for each dollar increase in provincial output in the particular industry. Thus a direct effect of .250 in a particular region would indicate that for every $1 increase in provincial output, 25 cents would be generated in that region.

The highest direct effects were found in the following industries:

| | |
|---|---|
| Iron and Steel Mills | .193832 |
| Electrical Industrial Equipment | .169520 |
| Fabricated and Structural Metals | .134282 |
| Metal Stamping, Pressing and Coating | .130319 |
| Other Transportation Equipment | .115769 |

In Iron and Steel Mills, Electrical and Industrial Equipment, and Other Transportation Equipment, the direct effects observed in the Region were the highest in Ontario. Thus the Region was, at the time, very well represented, or very strong, in these important industries.

The highest indirect effects showed the same general pattern, as the following coefficients were found in the following industries:

| | |
|---|---|
| Iron and Steel Mills | .196488 |
| Electrical Industrial Equipment | .174531 |
| Fabricated and Structural Metals | .138522 |
| Metal Stamping, Pressing and Coating | .134648 |
| Other Transportation Equipment | .118477 |

Thus these industries at the time, were integral to the Region in terms of buying inputs from other industries and firms within the Region. The general pattern revealed here is that those industries which are most important in terms of contributing to the incomes of local residents are also most important in terms of buying locally-produced inputs.

### 2.2.2 The Recent Growth and Structural Change of Manufacturing Industries - Shift/Share Analysis

#### Purpose of the Analysis

Another estimate of Niagara's competitive position in the national economic environment can be made through the use of shift and share analysis. In this approach, the growth in an economic variable such as income, employment or output is divided into three components, all of which are based to some degree upon the national growth of the particular variable. In this instance, employment is taken to be a

proxy variable representing industrial performance. The analysis begins by identifying the aggregate national growth rate of all employment and assuming that all manufacturing sectors in any region should have at least this much average growth, in order to keep pace with the national economy. This is called the "national growth component" or the region's "share".

The residual growth represents a net gain or loss (called "shift") to the region. This shift may be due to either (1) the industrial mix, or (2) the regional share. A region's industrial mix growth occurs because the region has a relatively large number of fast-growing industries, i.e. the national growth rates of these industries are higher than the aggregate national growth rate. Growth in the regional share is due to the fact that the region's industries are growing faster than those same industries at the national level.

Although shift and share analysis has been critized on the grounds that the distinction between the industry mix and the regional share is a purely theoretical one having no empirical basis, we believe that in this instance it is useful as a measurement technique, rather than as a definitive analytic tool.

The contribution of each of these factors to total regional employment growth in any particular industry is given by the following formulae:

## TABLE 4

### 1961, 1971, 1979 PLACE-OF-WORK EMPLOYMENT IN MANUFACTURING, REGIONAL MUNICIPALITY OF NIAGARA[c]

| Manufacturing Industry | 1961 POW Employment (Estimate)[a] | 1971 POW Employment (from Census) | 1979 POW Employment (from Woods, Gordon Survey | % Employment Growth, Niagara 1961 -1971 | % Employment Growth, Niagara 1971 - 1979 | % Employment Growth, Canada 1961 - 1971 | % Employment Growth, Canada 1971 - 1979 |
|---|---|---|---|---|---|---|---|
| Food and Beverage | 2,770 | 3,281 | 3,568 | 18.4 | 8.7 | 10.5 | 1.3 |
| Tobacco Products | 3 | 5 | - | b. | b. | 1.3 | -22.3 |
| Rubber and Plastics | 459 | 635 | 1,031 | 38.3 | 62.4 | 138.5 | 15.5 |
| Leather Products | 485 | 504 | 361 | 3.9 | -28.4 | -13.5 | - 9.7 |
| Textile Products | 1,742 | 1,149 | 1,645 | -34.0 | 43.2 | 10.5 | - 8.3 |
| Knitting Mills | 462 | 202 | 195 | -56.3 | - 3.5 | - 7.2 | -10.3 |
| Clothing Industries | 277 | 161 | 235 | -41.9 | 46.0 | 3.0 | - .4 |
| Wood Industries | 288 | 262 | 669 | - 9.0 | 155.3 | 1.7 | -12.1 |
| Furniture Industries | 151 | 227 | 261 | 50.3 | 15.0 | 23.8 | - 6.5 |
| Paper-Allied Industries | 3,066 | 3,392 | 4,207 | 10.6 | 24.0 | 21.8 | 9.2 |
| Printing and Publishing | 701 | 927 | 960 | 32.2 | 3.6 | 22.8 | 13.1 |
| Primary Metal Industries | 7,451 | 6,874 | 6,190 | - 7.7 | -10.0 | 29.8 | 8.6 |
| Metal Fabricating | 3,976 | 4,072 | 5,740 | 2.4 | 41.0 | 31.1 | 4.9 |
| Machinery Industries | 932 | 1,865 | 6,078 | 101.1 | 225.9 | 56.0 | 19.6 |
| Transportation Equip. | 7,864 | 11,349 | 10,166 | 44.3 | -10.4 | 39.1 | 22.5 |
| Electrical Products | 1,084 | 1,109 | 2,811 | 2.3 | 153.5 | 37.8 | - 6.1 |
| Non-Metallic Minerals | 1,077 | 2,283 | 2,789 | 112.0 | 22.5 | 18.8 | - .7 |
| Petroleum Products | 12 | 40 | 37 | b. | b. | 16.2 | 24.5 |
| Chemical Products | 1,483 | 2,374 | 1,767 | 60.1 | -25.6 | 13.3 | 15.2 |
| Miscellaneous | 947 | 872 | 958 | - 7.9 | 9.9 | 22.5 | 4.2 |

NOTE: Total Manufacturing Growth in Canada: 1961-1971 = 19.8%
1971-1979 = 6.1%

a. Estimated by applying the 1971 Place of Work employment/1971 Place of Residence Employment ratio to 1961 Place of Residence data for each industry.

b. Base too small to derive meaningful percentages (i.e. less than 50).

c. Note that percentage growth figures for Niagara and Canada are presented in this table. Comparative percentage growth figures for Ontario, however, are not presented, as these are not used in the shift-share analysis, and are thus not directly relevant to the analysis.

| Component | Formulae |
|---|---|
| Share | |
| (National Growth) | $E_i^* \left(\frac{Cdn^*}{Cdn} - 1\right)$ |
| Shift | |
| - Compositional Mix (Industrial Mix) | $E_i^* \frac{Cdn_i^*}{Cdn_i} - \frac{Cdn^*}{Cdn}$ |
| - Competitive Position (Regional Share) | $E_i^* \frac{Ei^*}{Ei} - \frac{Cdn_i^*}{Cdn_i}$ |
| Total Growth in $i^{th}$ industry | $G = E_i^* - E$ |

where $E_i$ = regional employment in the $i^{th}$ industry at the beginning of the period

$E_i^*$ = regional employment in the $i^{th}$ industry at the end of the period

$Cdn_i$ = national employment in the $i^{th}$ industry at the beginning of the period

$Cdn_i^*$ = national employment in the $i^{th}$ industry at the end of the period

Cdn = national employment in manufacturing at the beginning of the period

Cdn* = national employment in manufacturing at the end of the period

## Shift/Share Analysis of Manufacturing in Niagara

Table 4 shows the estimated 1979 and the 1971 place-of-work manufacturing employment for the Niagara Region, and the estimated 1961 place-of-work data. While the two single-most important industries in all three years were primary metal industries and transportation equipment industries, their relative share of total employment has been steadily declining. These two industries accounted for some 56% of all manufacturing activity in 1961, 44% of all activity in 1971, and about 33% of all activity in 1979. Of these two, the transportation equipment industry experienced strong growth (44.3%) over

the 1961-1971 period while declining (-10.4%) over the 1971-1979 period, while the primary metals industry has maintained a steady decline (-7.7% in 1961-71 and -10.0% in 1971-79). In the case of transportation equipment, this order of growth was more or less that exhibited on the national level (39.1%) in the 1961-71 period, while in the 1971-79 period the growth trend in Niagara was completely opposite to that seen on the national level. In the case of primary metals, too, the trend in regional growth has been completely opposite to the trend exhibited at the national level. In the 1961-71 period, while national employment in this industry grew by a healthy 30%, the local employment in the industry declined by almost 8%. Similarly, in the 1971-79 period, national employment growth was almost 9%, while in Niagara, we estimate that employment declined by approximately 10%. The results of the shift/share analysis allow us to examine this phenomenon more closely.

Table 5 contains the results of the shift/share analysis of manufacturing employment in the Regional Municipality of Niagara for both the 1961-71 and the 1971-1979 periods. The employment growth associated with each of the various components has been calculated according to the formulae presented earlier.

The 1961-1971 Period

As can be seen for the primary metal industries, the national growth rate for all industries (which was 19.8% over the 1961-1971 period) should have accounted for an increase of 1,475 workers in the industry in the Region. Further, the fact that the primary metal industry itself grew at a faster national rate than the mix of all industries "should" have accounted for an additional 745 employees.

## TABLE 5

## RESULTS OF SHIFT/SHARE ANALYSIS, NIAGARA REGION

| 1961-1971 | A<br>National Growth | B<br>Industry Mix | C<br>Regional Share | D<br>Absolute Change |
|---|---|---|---|---|
| Food and Beverage | 548 | -258 | 219 | 509 |
| Tobacco Products | - | - | - | - |
| Rubber Products | 91 | 545 | -460 | 176 |
| Leather Products | 96 | -162 | 84 | 18 |
| Textile Products | 345 | -162 | -775 | -592 |
| Knitting Mills | 91 | -125 | -227 | -261 |
| Clothing Industries | 55 | - 47 | -124 | -116 |
| Wood Industries | 57 | - 52 | - 31 | - 26 |
| Furniture Industries | 30 | 6 | 40 | 76 |
| Paper-Allied Industries | 607 | 61 | -343 | 325 |
| Printing & Publishing | 139 | 21 | 66 | 226 |
| Primary Metal Industries | 1,475 | 745 | -2,794 | -574 |
| Metal Fabricating | 787 | 473 | -1,165 | 95 |
| Machinery Industries | 185 | 337 | 420 | 942 |
| Transportation Eq'pt. | 1,557 | 1,518 | 409 | 3,484 |
| Electrical Products | 215 | 195 | -385 | 25 |
| Non-Metallic Minerals | 213 | - 11 | 1,004 | 1,206 |
| Petroleum & Coal | - | - | - | - |
| Chemical Products | 294 | - 96 | 694 | 892 |
| **1971-1979** | | | | |
| Food and Beverage | 200 | -157 | 243 | 287 |
| Tobacco Products | - | - | - | - |
| Rubber Products | 39 | 60 | 298 | 396 |
| Leather Products | 31 | - 80 | -94 | -143 |
| Textile Products | 70 | -165 | 592 | 496 |
| Knitting Mills | 12 | - 33 | 14 | - 7 |
| Clothing Industries | 10 | - 10 | 75 | 74 |
| Wood Industries | 16 | 16 | 375 | 407 |
| Furniture Industries | 14 | - 29 | 49 | 34 |
| Paper-Allied Industries | 207 | 105 | 502 | 815 |
| Printing & Publishing | 57 | 65 | -88 | 34 |
| Primary Metal Industries | 419 | 172 | -1,279 | -684 |
| Metal Fabricating | 248 | - 49 | 1,470 | 1,669 |
| Machinery Industries | 114 | 252 | 3,847 | 4,312 |
| Transportation Equip. | 692 | 1,861 | -3,734 | -1,181 |
| Electrical Products | 68 | -135 | 1,770 | 1,703 |
| Non-Metallic Minerals | 139 | -155 | 523 | 507 |
| Petroleum & Coal | - | - | - | - |
| Chemical Products | 145 | 216 | - 969 | -608 |

NOTE: Figures may not add due to rounding

Unfortunately effects internal to the Region itself were responsible for a loss of 2,794 workers, thus implying a net loss to the industry of 574 workers. As this example shows, the 'regional share' component of shift/share analysis is of interest in that it theoretically shows the effects of various attributes of the Region upon industrial performance. In a study such as this one, this is of particular importance when one is assessing the specific advantages and disadvantages of the Region to manufacturing industry.

Column 'C' in Table 5 shows the number of employees gained or lost through the regional share component of the analysis. As the table shows, the Regional share contributes to net employment increase most in the case of non-metallic mineral activities; this is likely due to various Regional advantages such as a close proximity to the Niagara Escarpment, a prime limestone resource. (Note that another locational advantage for this industry could have been the availability of cheap electrical power, which would have been an attraction to the abrasives industry.) The largest Regional disadvantage occurs in the case of primary metal industries and metal fabricating industries.

Table 6 divides all manufacturing industries into those which have shown absolute decline in employment over the same period. The ratio of the employment growth, attributable to the regional share component to the absolute change in employment, is given. This gives an idea of the relative importance of the regional share. A positive ratio for growing industries indicates that the Region is an important factor, contributing in some manner to employment growth for that particular industry. A negative ratio for growing industries indicates that the

## TABLE 6

## RATIO OF REGIONAL SHARE TO ABSOLUTE CHANGE IN EMPLOYMENT

1961-1971

| Growing Industries in Niagara | | Declining Industries in Niagara | |
|---|---|---|---|
| Leather Products | 4.667 | 4.868 | Primary Metal Industries |
| Non-Metallic Minerals | .833 | 1.309 | Textile Products |
| Chemical Products | .778 | 1.192 | Wood Products |
| Furniture and Fixtures | .526 | 1.069 | Clothing Industries |
| Machinery Industries | .446 | .870 | Knitting Mills |
| Food and Beverage | .430 | | |
| Printing and Publishing | .292 | | |
| Transportation Equipment | .117 | | |
| Paper-Allied Industries | -1.055 | | |
| Rubber and Plastics | -2.614 | | |
| Metal Fabricating | -12.263 | | |
| Electrical Products | -15.40 | | |

1971-1979

| Growing Industries in Niagara | | Declining Industries in Niagara | |
|---|---|---|---|
| Furniture and Fixtures | 1.441 | 3,162 | Transportation Equipment |
| Textile Products | 1.194 | 1.870 | Primary Metal Industries |
| Electrical Products | 1.039 | 1.594 | Chemical Products |
| Non-Metallic Minerals | 1.032 | .657 | Leather Products |
| Clothing Industries | 1.014 | | |
| Wood Industries | .921 | | |
| Machinery Industries | .892 | | |
| Metal Fabricating | .881 | -2.000 | Knitting Mills |
| Food and Beverage | .847 | | |
| Rubber and Plastics | .753 | | |
| Paper-Allied Industries | .616 | | |
| Printing and Publishing | -2.588 | | |

regional factor does not have the same sort of competitive advantage as some other regions within the Canadian economy, and thus does not realize the potential for employment growth. The same holds true for positive ratios in declining industries.

As the table shows, the regional share factor was most important in contributing to the leather products industry. This, then, implies favourable growth over the period in promoting the leather goods industry. The fact that the ratio is greater than 1.0 implies that other factors (specifically, the trend in national growth or the industry mix) were operating to counter the influence of the regional share. Thus, even though this industry has a relatively low level of concentration in Niagara, it has increased its importance (see Table 3). Other industries in which the regional share played a significant role in contributing to net employment growth were the non-metallic minerals industry, the chemical products industry and the furniture and fixtures industry.

The regional share factor was inimical to employment growth in the electrical products industry, the metal fabricating industry, the rubber and plastics industry and paper and allied industries, despite the fact that these manufacturing industries displayed overall employment growth in the Region. Obviously, the trend of growth of the national level and in the industry mix was sufficient to overcome these regional factors.

In primary metals, textile products, the wood industry and clothing industries and knitting mills the regional share component again contributed to a decline in the employment in the Region. In

these industries, growth at the national level and in the regional mix was not sufficient to overcome regional factors, thus the Region experienced net employment decrease.

In summary it appears that during the 1961-1971 period, the selected factors operating within the Region (e.g. quality of corporate management, wage rates, serviced industrial land availability and costs, transportation, access to markets) served to stimulate significant employment growth in many of the Region's industries.

The 1971-1979 Period

There is considerable variation in the results of the shift/share analyses over the 1961-1971 and 1971-1979 periods. This reflects both structural changes in the economy at the national level as well as local structural changes in the Niagara economy. It is perhaps most interesting to first examine those results of the 1971-1979 shift/share analysis which are similar to these revealed by the analysis for the 1961-1971 period.

In the case of the primary metals industry, regional factors were again responsible for a net employment decline, despite the countervailing forces of growth at the national level and in the industry mix. This consistent trend of the primary metals industry in Niagara failing to keep pace with national growth has significant implications in light of the fact that the industry is currently the Region's second largest manufacturing employer.

The non-metallic minerals industry, the furniture and fixtures industry, machinery industries and food and beverage industries have been consistently growing in the Region, and the shift/share

analysis indicates that regional factors contribute to employment growth over and above what would be expected from the national trend.* Obviously these industries are favourably situated with regard to regional factors (proximity to resources, markets, etc.) and these have contributed to their favourable growth situation.

The shift/share analysis also reveals considerable structural change in the regional economy. Perhaps the most serious in this regard is the transportation equipment industry. In the 1961-1971 period this industry was growing in the Region and had a positive ratio of regional share to absolute employment change, indicating that the particular combination of factors operating within the Region itself contributed to the industry's growth. In the recent 1971-1979 period, this situation has been completely reversed, as the industry was declining in the Region and the shift/share results revealed that this was totally due to the regional share (as revealed by a positive regional share/absolute change ratio). In other words, the Region of Niagara offered a particular combination of circumstances that enhanced employment growth in the 1961-1971 period, yet caused a decline in the industry in the 1971-1979 period. Given that the industry is the Region's largest manufacturing employer, this finding is somewhat disturbing.

Other industries in similar circumstances are the leather products industry and the chemical products industry. In the 1961-1971 period these industries were growing, with the shift/share analysis revealing that the regional share component was responsible for all or most of this growth. In the 1971-1979 period, these industries had

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* This is shown by the fact that they are growing industries which have consistently yielded a positive ratio of the regional share to the absolute change in employment.

experienced net employment decline, with the analysis revealing that regional factors again were responsible.

At the opposite extreme, it is encouraging to note that there are some industries which were declining in the 1961-1971 period, which are now growing. The wood products industry and the clothing industry are the two that fall into this particular category. The 1971-1979 shift/share analysis revealed that the employment growth was again due totally or mostly to regional factors. Related to these industries are those which were growing in the Region over the 1961-1971 period, but to which this growth was totally attributable to national demand and not to regional factors. All four of these industries (paper-allied industries, rubber and plastics, metal fabricating and the electrical products industry) showed a significant contribution to employment growth being made by the regional mix component over the 1971-1979 period. Thus, over the space of the two time periods, regional factors may have come to play a significant role in promoting employment growth in these industries.

On balance, regional factors are showing a stronger influence in promoting employment growth in the Region. This can be readily demonstrated by the fact that Table 6 shows only 8 growing industries over the 1961-1971 period with positive regional share/absolute employment change ratios, whereas this number was 11 in the 1971-1979 period. The reasons underlying those trends are somewhat obscure, and some of them should be brought to light during the course of this Study.

TABLE 7

RESIDENT INDUSTRIES BY TYPE - NIAGARA 1979

| Industry Type | Number of Establishments | % of Total Establishments |
|---|---|---|
| Metal Fabricating | 139 | 19.8% |
| Food and Beverage | 103 | 14.7 |
| Non-Metallic Minerals | 63 | 9.0 |
| Wood Industries | 52 | 7.3 |
| Printing and Publishing | 50 | 7.1 |
| Machinery Industries | 48 | 6.8 |
| Miscellaneous Manufacturing | 38 | 5.4 |
| Transportation Equipment | 33 | 4.7 |
| Primary Metals | 33 | 4.7 |
| Chemical Industries | 32 | 4.6 |
| Electrical Products | 29 | 4.1 |
| Rubber and Plastic Industries | 23 | 3.3 |
| Textile Industries | 15 | 2.1 |
| Furniture and Fixtures | 15 | 2.1 |
| Paper and Allied Industries | 12 | 1.7 |
| Clothing Industries | 9 | 1.3 |
| Leather Industries | 4 | 0.6 |
| Knitting Industries | 3 | 0.4 |
| Petroleum and Coal Industries | 1 | 0.1 |
| Total | 702 | 100.0% |

Source: Woods, Gordon Survey, 1979-80, Niagara Falls and Area Industrial Directory, St. Catharines Industrial Directory 6/76.

### 2.2.3 Growth in Manufacturing Establishments

Having examined the comparative structure of Niagara's economy and the components of growth over the last two decades, it would be useful to examine the economic performance of the Region from another series of perspectives. A brief review of the recent growth in manufacturing establishments in Niagara is helpful in further illustrating the level of economic growth experienced in the Region from 1971 to the present. Our analysis of Niagara's past performance has included a look at the type, size and number of establishments, the number of employees and their growth, the value of new industrial construction and the take-up of industrial land. Wherever possible, we have attempted to provide comparative data from municipalities within Niagara's competitive economic environment. These indicators in combination provide a valuable tool to illustrate the level of success the Region has enjoyed in attracting jobs and related assessment.

#### Establishment Growth - 1971-79

In terms of the number of establishments, the Region of Niagara is dominated by the metal fabricating and the food and beverage industries. Just over one-third (34.5%) of the 702 establishments identified in the Region fall within these two industry types. Table 7 illustrates the ranking of the various industrial sectors represented in the area today. Other key industry sectors in terms of number of establishments include non-metallic minerals, wood and printing and publishing industries. It is interesting to note that some key sectors already identified in our analysis are not at the top on this ranking. This is primarily due to the lower labour intensity of the top ranking industries.

TABLE 8

NEW MANUFACTURING ESTABLISHMENTS - NIAGARA 1971-1979

| Municipality | Number of New Establishments 1971-1979 | Average Number/Year |
|---|---|---|
| Niagara Falls | 46 | 5.8 |
| Port Colborne | 9 | 1.1 |
| St. Catharines | 51 | 6.4 |
| Thorold | 11 | 1.4 |
| Welland | 4 | 0.5 |
| Fort Erie | 8 | 1.0 |
| Grimsby | 5 | 0.6 |
| Lincoln | 8 | 1.0 |
| Niagara-on-the-Lake | 4 | 0.5 |
| Pelham | 9 | 1.1 |
| Wainfleet | 1 | 0.1 |
| West Lincoln | 7 | 0.9 |
| Niagara Total | 163 | 20.4 |

Source: Woods, Gordon Survey, 1979-80, Niagara Falls and Area Industrial Directory, St. Catharines Industrial Directory 6/79.

TABLE 9

NEW MANUFACTURING ESTABLISHMENTS - SELECTED AREAS 1971-1978

| Municipality | Number of New Establishments 1971-1978 | Average Number/Year |
|---|---|---|
| Guelph | 60 | 7.5 |
| Kitchener | 26 | 3.3 |
| Waterloo | 24 | 3.0 |
| Cambridge | 20 | 2.5 |
| Waterloo-Wellington | 130 | 16.3 |
| Hamilton | 39 | 4.9 |
| Hamilton-Wentworth | 79 | 9.9 |
| Burlington | 61 | 7.6 |
| Oakville | 72 | 9.0 |
| Halton Hills | 19 | 2.3 |
| Milton | 18 | 2.3 |
| Halton | 170 | 21.3 |

Source: Industrial Directories for 1978 from the Cities of Guelph, Kitchener, Cambridge and Hamilton-Wentworth and Halton Regions.

The manufacturing sector in any regional economy is constantly changing with new firms establishing in an area and others moving or closing. Niagara is no exception, having experienced a somewhat surprising amount of growth in the number of resident firms established since 1971. Table 8 presents a list of the number of new manufacturing establishments starting operations in the Region since that date. These figures represent the number of new establishments in the Region within the specified period. They come from updated material based on local industrial directories. Essentially, these are net industrial growth figures which estimate the "attractiveness" of the defined areas' total new and relocating industry.

St. Catharines and Niagara Falls were the most attractive locations for the majority of new manufacturers, averaging 6.4 and 5.8 new firms per year respectively. This rate of growth is well above that experienced by the other area municipalities. To illustrate the significance of this growth, Table 9 presents data on the number of new establishments attracted to a selected number of major urban centres in Central Ontario during a similar period. Within the highly attractive Central Ontario manufacturing region, Niagara Falls and St. Catharines each attracted more new industries on average than other urban-industrial areas such as Kitchener, Waterloo, Cambridge and Hamilton. While particular urban centres such as Burlington, Guelph, and Oakville have recorded a higher average number of new firms per year, Regional Niagara as a whole appeared to be more attractive to new manufacturers during the 1971 to 1979 period than Hamilton-Wentworth and Waterloo-Wellington, and actually compares quite favourably with Halton Region. These regional municipalities comprise Niagara's competitive space for industrial locators.

## TABLE 10

## NEW INDUSTRIES BY TYPE - NIAGARA AND SELECTED REGIONS 1971-1979

| Industry Type | Niagara | Hamilton-Wentworth | Waterloo-Wellington | Halton |
|---|---|---|---|---|
| Food and Beverage | 14 | 11 | - | 2 |
| Rubber and Plastics | 4 | 2 | 5 | 16 |
| Leather Industries | - | 1 | 1 | - |
| Textiles | 4 | 4 | 4 | 3 |
| Knitting Mills | 1 | 1 | 1 | 1 |
| Clothing Industries | 4 | 2 | 4 | - |
| Wood Industries | 18 | 4 | 4 | 10 |
| Furniture and Fixtures | 4 | 2 | 15 | 2 |
| Paper and Allied Industries | 2 | 1 | 7 | 4 |
| Printing and Publishing | 7 | 5 | 7 | 11 |
| Primary Metal | 11 | 1 | - | 1 |
| Metal Fabricating | 32 | 26 | 21 | 36 |
| Machinery | 10 | 6 | 21 | 25 |
| Transportation Equipment | 15 | 2 | 9 | 6 |
| Electrical Products | 4 | 2 | 14 | 24 |
| Non-metallic Minerals | 13 | 3 | 5 | 12 |
| Petroleum and Coal Industries | - | - | - | - |
| Chemical Products | 11 | 5 | 7 | 11 |
| Miscellaneous Manufacturing | 9 | 1 | 5 | 6 |
| Total | 163 | 79 | 130 | 170 |

Source: Various Industrial Directories.

Metro Toronto and Peel Region do compete with Niagara for certain industries but this competition is limited. Overall, the Toronto region's substantial growth and large internal markets, as well as the abundance of available services and labour force removes them from direct competition. These areas have a clear advantage over other Central Ontario regions and their competitive market is more national and international in nature. On this basis, past performance would indicate that in terms of new firms, Niagara has indeed done well within its competitive market in recent years.

The type of industries attracted to the western Central Ontario competitive environment are diverse but certain industries have tended to show greater interest in locating in specific areas. Table 10 presents information on this subject. Niagara appears to have been particularly attractive to wood, primary metals, transportation equipment and food and beverage industry firms, by comparison with the other areas studied. It shows a clear lead in the number of new firms it has attracted in those types of industries. Halton appears to have had similar advantage in rubber and plastics and electrical products industries while Waterloo-Wellington exhibited some strength in furniture and fixtures. At the same time, the incoming firms have reinforced Niagara's traditional manufacturing strengths. No great diversification of industry types has resulted.

Niagara's Competitive Position: Further Evidence from Establishment Data

To further define Niagara's competitive position, we have looked at establishment growth within eight Regions and Counties during

## TABLE 11

### ESTABLISHMENT GROWTH BY INDUSTRY
### 1972-1975 - SELECTED REGIONS/COUNTIES

| | Niagara | | | Haldimand-Norfolk | | | Hamilton-Wentworth | | | Brant | | | Waterloo | | | Wellington | | | Halton | | | Peel | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1972 | 1975 | % Change | 1972 | 1975 | % Change | 1972 | 1975 | % Change | 1972 | 1975 | % Change | 1972 | 1975 | % Change | 1972 | 1975 | % Change | 1972 | 1975 | % Change | 1972 | 1975 | % Change |
| Food and beverage | 83 | 81 | -2.4 | 26 | 25 | -3.8 | 81 | 73 | -9.9 | 25 | 23 | -8.0 | 65 | 58 | -10.8 | 52 | 43 | -17.3 | 25 | 22 | -12.0 | 46 | 45 | -2.2 |
| Tobacco products | - | - | - | 3 | 2 | -33.3 | - | - | - | 1 | - | -100.0 | - | - | - | 1 | 1 | - | - | 14 | - | 1 | 1 | - |
| Rubber & plastics | 7 | 6 | -14.3 | - | - | - | 8 | 12 | 50 | 5 | 5 | - | 19 | 23 | 21.1 | 7 | 9 | 28.6 | 7 | 14 | 100.0 | 38 | 45 | 18.4 |
| Leather industries | 9 | 8 | -11.1 | 1 | 1 | - | 3 | 4 | 33.3 | 1 | 2 | 50 | 20 | 19 | -5.0 | 2 | 4 | 50.0 | 4 | 4 | - | 3 | 2 | -33.3 |
| Textile industries | 13 | 19 | 46.2 | 5 | 3 | -40.0 | 17 | 15 | -11.8 | 10 | 8 | -20 | 32 | 31 | -3.1 | 7 | 7 | - | 4 | 4 | - | 8 | 12 | 50.0 |
| Knitting mills | 2 | 4 | 50.0 | 1 | - | -100.0 | 3 | 2 | -33.3 | 2 | 2 | - | 7 | 7 | - | 2 | 3 | 50.0 | 3 | 3 | - | 1 | 3 | 200.0 |
| Clothing industries | 2 | 2 | - | - | - | - | 11 | 12 | 9.1 | 2 | 3 | 50 | 8 | 9 | 12.5 | 4 | 5 | 25.0 | 2 | 3 | 50.0 | 3 | 3 | - |
| Wood industries | 25 | 25 | - | 13 | 12 | -7.7 | 19 | 19 | - | 7 | 10 | 42.9 | 26 | 37 | 42.3 | 17 | 15 | -11.8 | 19 | 17 | -10.5 | 15 | 16 | 6.7 |
| Furniture & fixtures | 25 | 19 | -24.0 | 3 | 3 | - | 29 | 23 | -26.1 | 9 | 6 | -33.3 | 56 | 43 | -23.2 | 12 | 14 | 16.7 | 12 | 14 | 16.7 | 22 | 34 | 54.6 |
| Paper and Allied Ind. | 10 | 12 | 20.0 | - | - | - | 16 | 14 | -12.5 | 9 | 8 | -11.1 | 6 | 5 | -16.7 | 5 | 5 | - | 11 | 11 | - | 11 | 15 | 36.4 |
| Printing & publishing | 34 | 40 | 17.6 | 12 | 10 | -16.7 | 65 | 62 | -4.6 | 24 | 23 | -4.2 | 40 | 43 | 7.5 | 28 | 27 | -3.6 | 27 | 27 | - | 53 | 65 | 22.6 |
| Primary metals | 21 | 20 | -4.8 | 1 | 1 | - | 23 | 23 | - | 8 | 8 | - | 16 | 13 | -18.8 | 6 | 6 | - | 7 | 8 | 14.3 | 7 | 8 | 14.3 |
| Metal fabricating | 103 | 96 | -6.8 | 14 | 17 | 21.4 | 125 | 122 | -2.4 | 40 | 38 | -5.0 | 127 | 126 | -0.8 | 33 | 29 | -12.1 | 71 | 73 | 2.8 | 126 | 161 | 27.8 |
| Machinery industries | 18 | 21 | 16.7 | 10 | 10 | - | 27 | 29 | 7.4 | 24 | 26 | 8.4 | 49 | 53 | -8.2 | 8 | 9 | 12.5 | 15 | 24 | 60.0 | 64 | 71 | 10.9 |
| Transportation equipment | 21 | 26 | 23.8 | 2 | 2 | - | 9 | 8 | -11.1 | 4 | 5 | 25.0 | 23 | 30 | 30.4 | 5 | 6 | 20.0 | 19 | 17 | -10.5 | 27 | 31 | 14.8 |
| Electrical products | 12 | 11 | -8.3 | 2 | 2 | - | 18 | 17 | -5.6 | 5 | 4 | -20.0 | 26 | 29 | 11.5 | 12 | 13 | 8.3 | 14 | 16 | 14.3 | 29 | 34 | 17.2 |
| Non-metallic minerals | 35 | 32 | -8.6 | 9 | 9 | - | 27 | 27 | - | 12 | 13 | 8.3 | 22 | 19 | -13.6 | 14 | 15 | 7.1 | 16 | 16 | - | 32 | 33 | 3.1 |
| Petroleum & coal ind. | - | - | - | - | - | - | 2 | 2 | - | 1 | 1 | - | 1 | 2 | 50.0 | 1 | 1 | - | 2 | 3 | 50.0 | 4 | 4 | - |
| Chemical products | 23 | 19 | -17.4 | 7 | 6 | -14.3 | 26 | 19 | -19.2 | 14 | 15 | 7.1 | 13 | 13 | - | 7 | 8 | 14.3 | 29 | 29 | - | 46 | 54 | 17.9 |
| Misc. manufacturing | 33 | 37 | 12.1 | 8 | 5 | -37.5 | 39 | 40 | 2.6 | 16 | 19 | 18.8 | 39 | 36 | -7.7 | 12 | 10 | -16.7 | 19 | 17 | -10.5 | 38 | 51 | 34.2 |
| Total | 476 | 478 | +0.4% | 117 | 108 | -7.7% | 548 | 523 | -4.6 | 219 | 219 | - | 595 | 596 | +0.2 | 230 | 230 | - | 305 | 336 | +10.2% | 576 | 688 | +19.4% |

Source: Census of Manufacturers - Ontario.

the 1972-1975 period, using a different data base. We have also enlarged the perspective of our earlier analysis by including Brant, Peel and Haldimand-Norfolk. The data provided in Table 11 from the Province of Ontario's annual Census of Manufacturers identifies Peel and Halton as the high growth Regions in Central Ontario. Niagara is ranked at a secondary level, only marginally ahead of Waterloo, Wellington and Brant during the three years of activity, but well ahead of Hamilton-Wentworth and Haldimand-Norfolk. Peel and Halton have an obvious advantage over the other Regions in their proximity to Metro Toronto. At a lower level of activity, Niagara appears to be fairly successful in attracting new industry in direct competition with the recognized industrial areas of Kitchener-Waterloo and Hamilton-Wentworth. These patterns serve to corroborate the data base derived for the longer term 1971-79 analysis.

Overall growth during the selected three years was not great, being limited by a downturn in the economy. Despite this influence, however, there is evidence of some internal movement within several industry sectors as shown in the changes in the numbers of firms in each industry grouping. Changes also occurred in the size of firms during the selected time period. Table 12 presents the number of establishments in each region classified by size, based on the number of employees. Peel and Halton exhibited growth in all size classes of firms. Niagara, Waterloo and Wellington, with little overall growth in the number of firms saw a general increase in the size of their industries. Brant County showed growth in the number of medium sized firms, while the remaining two Regions lost several establishments.

## TABLE 12

### ESTABLISHMENT SIZES BY REGION
### 1972 AND 1975 - SELECTED REGIONS/COUNTIES

| Region/County | Year | Size of Establishment* | | | |
|---|---|---|---|---|---|
| | | Small | Medium | Large | Total |
| Niagara | 1972 | 280 | 121 | 75 | 476 |
| | 1975 | 272 | 126 | 80 | 478 |
| Haldimand-Norfolk | 1972 | 77 | 22 | 18 | 117 |
| | 1975 | 70 | 21 | 18 | 108 |
| Hamilton-Wentworth | 1972 | 329 | 137 | 82 | 548 |
| | 1975 | 303 | 138 | 82 | 523 |
| Brant | 1972 | 121 | 54 | 44 | 219 |
| | 1975 | 117 | 61 | 41 | 219 |
| Waterloo | 1972 | 327 | 161 | 107 | 595 |
| | 1975 | 302 | 180 | 114 | 596 |
| Wellington | 1972 | 134 | 59 | 37 | 230 |
| | 1975 | 125 | 67 | 38 | 230 |
| Halton | 1972 | 162 | 98 | 45 | 305 |
| | 1975 | 168 | 116 | 52 | 336 |
| Peel | 1972 | 288 | 199 | 89 | 576 |
| | 1975 | 302 | 282 | 104 | 688 |

* Small - 1-19 employees
Medium - 20-99 employees
Large - 100+ employees

Source: Census of Manufacturers - Ontario.

Niagara, Waterloo and Wellington were able to attract new industry to balance losses during this period, but Hamilton-Wentworth and Haldimand-Norfolk were not.

2.2.4 Employment Growth

The total employment in manufacturing in Niagara in 1979 was estimated at 49,000 (1971 - 41,590) at the time of this Study. This represents a significant rate of growth of 2.2% per annum, well above the rate of growth of resident population (0.7%) and commensurate with the rate of growth of the working-age (15 years and over) population (2.1%).* In the 1971-78 period manufacturing employment in Ontario as a whole grew by approximately 1.3% per annum. While our estimate has been built up from a variety of sources, especially industrial directories, it is regarded as resonably accurate and is corroborated by an independent check from Statistics Canada sources.** The Region,

* Calculated on the basis of the 1971-76 pattern. See Planning and Development Department, Trends in the Niagara Regional Economy: 1961-1978 (February 1979.

** In July 1979 the following manufacturing employment data were compiled by Statistics Canada (see Catalogue 72-002).

| | | Manufacturing Employment |
|---|---|---|
| Niagara Falls | - | 5,700 |
| St. Catharines | - | 19,500 |
| Welland | - | 11,800 |
| Total | | 37,000 |

It is a reasonable assumption that at most, these places retained their share of the Region's total manufacturing employment between 1971 and 1979 (see Table 13 in Trends in the Niagara Regional Economy: 1961-1978). On this assumption there would be approximately 50,477 manufacturing jobs in total in Niagara in 1971. Our estimate of 49,000 is therefore regarded as a reasonable approximation.

## TABLE 13

## EMPLOYMENT BY INDUSTRY TYPE - NIAGARA

| Industry Type | Estimated Employment 1979 | % |
|---|---|---|
| Food and Beverage | 3,568 | 7.2 |
| Rubber and Plastics | 1,031 | 2.1 |
| Leather Industries | 361 | 0.7 |
| Textiles | 1,645 | 3.3 |
| Knitting Mills | 195 | 0.4 |
| Clothing Industries | 235 | 0.5 |
| Wood Industries | 669 | 1.4 |
| Furniture and Fixtures | 261 | 0.5 |
| Paper and Allied Industries | 4,207 | 8.5 |
| Printing and Publishing | 906 | 1.8 |
| Primary Metal | 6,190 | 12.5 |
| Metal Fabricating | 5,740 | 11.6 |
| Machinery | 6,078 | 12.3 |
| Transportation Equipment | 10,166 | 20.5 |
| Electrical Products | 2,811 | 5.7 |
| Non-metallic Minerals | 2,789 | 5.6 |
| Petroleum and Coal Industries | 37 | 0.1 |
| Chemical Products | 1,767 | 3.6 |
| Miscellaneous Manufacturing | 958 | 1.9 |
| Total | 49,631 | 100.0 |

Source: Woods Gordon.

therefore, contrary to some observations, has undergone considerable employment expansion, at least in the manufacturing sector. A breakdown of employees by the type of industry in 1979 has been estimated and is given in Table 13. The major employers in manufacturing are the transportation equipment industries with total employment of over 10,000. Primary metals, machinery and metal fabricating industries follow with close to 6,000 employees each.

The number of employees per firm in Niagara varies on a range from 13 employees/firm for wood industries to 351 employees/firm for paper and allied industries. Only three industries (wood, furniture and fixtures and printing and publishing industries) had averages below 20 employees and 5 industries averaged over 100 employees. The remainder fell in the medium size category, ranging from 25 to 97 employees per firm. The overall average size for firms in Niagara is a fairly high 70.6 employees. The labour intensive heavy industries which dominate the employment in the Region account for this large figure.

A little over one-third of all new jobs in Niagara in the 1971-79 period have been created by new industries. Niagara's ability to attract jobs does not appear to be as good as its ability to attract establishments within the competitive region. Table 14 provides data on the growth of new jobs from new establishments in the Regions reviewed, the average number of new jobs per year and the average size of new firms.

TABLE 14

EMPLOYEE GROWTH - CENTRAL ONTARIO REGIONS - 1971-1978

| Region | New Manufacturing Employees 1971-1978 | Average New Employees/Year | Average Employees/ New Establishment |
|---|---|---|---|
| Niagara* | 3,006 | 316 | 18.4 |
| Halton | 4,709 | 589 | 27.7 |
| Waterloo-Wellington | 4,700 | 587 | 36.1 |
| Hamilton-Wentworth | 3,347 | 418 | 42.3 |

* Includes 1979 data to June end.

Employee growth through the establishment of new firms in the Region is low when compared to (a) the average size of existing firms, and (b) the average size of new firms in competing areas. While Niagara attracts a healthy share of new firms, it appears that the area attracts the smaller employers.

2.2.5 Industrial Construction

The growth in industrial construction can be determined through investigation of industrial building permit values. Estimated values of building permits indicate the amount of new and renovated premises or additions activity in industrial construction. Table 15 presents the estimated values of industrial construction permits for the five Niagara cities from 1974 to 1978.* Welland has provided the highest average dollar values on an annual basis over the last five complete years, followed by St. Catharines and Niagara Falls.

* Industrial includes buildings used for manufacturing and processing, transportation, communication and other utilities and agriculture, forestry, mine and mine mill buildings.

TABLE 15

INDUSTRIAL BUILDING PERMIT
VALUES - NIAGARA CITIES 1974-1978
(current dollars)

| Municipality | Estimated Value ($000's) 1974 | 1975 | 1976 | 1977 | 1978 | Annual Average |
|---|---|---|---|---|---|---|
| Niagara Falls | 1,879 | 1,981 | 3,574 | 941 | 3,663 | 2.407.6 |
| Port Colborne | 555 | 103 | 1,104 | 592 | 415 | 553.8 |
| St. Catharines | 1,577 | 1,549 | 2,185 | 3,741 | 3,759 | 2,562.2 |
| Thorold | 437 | 1,348 | 861 | 2,083 | 2,007 | 1,347.2 |
| Welland | 2,525 | 7,424 | 1,252 | 3,034 | 889 | 3,024.8 |

Source: Statistics Canada - catalogue 64-001.

TABLE 16

INDUSTRIAL BUILDING PERMIT
VALUES - SELECTED ONTARIO CITIES 1974-1978
(current dollars)

| Municipality | Estimated Value ($000's) 1974 | 1975 | 1976 | 1977 | 1978 | Average Year |
|---|---|---|---|---|---|---|
| Burlington | 10,292 | 4,599 | 1,776 | 4,351 | 2,682 | 4,740.0 |
| Oakville | 6,372 | 7,020 | 10,439 | 7,728 | 6,265 | 7,546.8 |
| Halton Hills | 1,465 | 1,602 | 1,676 | 1,574 | 1,205 | 1,504.4 |
| Milton | 1,199 | 555 | 3,860 | 4,133 | 4,089 | 2,767.2 |
| Guelph | 5,709 | 4,229 | 7,492 | 5,272 | 4,304 | 5,401.2 |
| Kitchener | 4,171 | 3,959 | 8,570 | 5,171 | 3,841 | 5,142.4 |
| Waterloo | 4,221 | 3,515 | 4,441 | 1,953 | 5,006 | 3,827.2 |
| Cambridge | 9,061 | 2,777 | 3,931 | 3,785 | 3,853 | 4,681.4 |
| Hamilton | 64,322 | 21,105 | 19,985 | 30,460 | 20,935 | 31,361.4 |
| Brampton | 24,561 | 18,063 | 13,979 | 24,085 | 13,912 | 18,920.0 |
| Mississauga | 56,843 | 32,077 | 68,481 | 32,451 | 24,195 | 42,809.4 |

Source: Statistics Canada - catalogue 64-001.

In comparing these average values (as representative of the Region) with other selected cities, it is obvious that industrial construction activity is relatively low in Niagara. As shown in Table 15, the Welland average exceeds that of only 2 other urban-industrial centres considered, i.e. Milton and Halton Hills. This suggests that a high proportion of new firms in Niagara are going into existing buildings. It may also be associated with a relatively high rate of "indigenous" industrial growth, with many residents of Niagara starting up their own small businesses, in contrast to a high rate of new industries coming in from external sources. Even the high annual average for Welland is sustained by an unusually high level of activity in 1975. By comparison, Halton Region, which has attracted almost an equal number of firms, has an average value of annual industrial construction well above those of Niagara centres. Even Hamilton, which attracted a lower number of new firms from 1971 to 1978 has a very high average value. We feel this is mainly due to renovations and additions to existing plants, as well as a higher amount of non-manufacturing (e.g. transportation and communication) construction. Average annual values in Mississauga are high reflecting the fact that most new firms are going into new plants, there is ongoing expansion of existing operations and the area has the high growth developments in Erin Mills and Meadowvale.

### 2.2.6 Land Availability

Apart from the obvious indication that a relatively modest rate of new construction has been occuring, the low construction value statistics could indicate a shortage of industrial land meeting

TABLE 17

AVERAGE INDUSTRIAL LAND ABSORPTION - 1971-1979
AND SERVICED INDUSTRIAL LAND INVENTORY 1979

| Area Municipality | Absorption Rate | Serviced Industrial Land |
|---|---|---|
| Niagara Falls | 56 acres/yr. | 500 acres** |
| St. Catharines | 25 acres/yr. | 60 acres |
| Port Colborne | 6 acres/yr. | 30 acres |
| Thorold | 13 acres/yr. | 0 |
| Welland | * | * |
| Fort Erie | 21 acres/yr. | 11 acres |
| Grimsby | "low" | 170 acres |
| Lincoln | 5 acres/yr. | 120 acres |
| Niagara-on-the-Lake | 15 acres/yr. | 36 acres |
| Pelham | 10 acres/yr. | 0 |
| Wainfleet | "low" | 0 |
| West Lincoln | "low" | 59 acres |
| Burlington | 68 acres/yr. | 418 acres |
| Oakville | 44 acres/yr. | 233 acres |
| Halton Hills | 18 acres/yr. | 117 acres |
| Milton | 13 acres/yr. | 207 acres |
| Cambridge | 20 acres/yr. | 1,214 acres |
| Guelph | 50 acres/yr. | 370 acres |

Source: Woods Gordon Survey (1979).

* Data unavailable at time of survey.
** An additional 500 acres of partially serviced land is available.

the requirements for new and relocating industry. For example, an industry which cannot find a site that is adequate in size or servicing is forced to go elsewhere, where it can get what it requires. This can be considered a loss of potential industrial assessment for the municipalities, based on a poor selection or shortage of industrial land.

In order to determine whether such a shortage exists, we have developed estimates of the average rate of absorption of industrial land for the area municipalities since 1971. This data is presented in Table 17 with comparable data from Halton, Guelph and Cambridge, as well as the inventory of serviced industrial land in each area. The City of Niagara Falls has the highest absorption rate and is the only centre in Niagara that is comparable with Oakville and Burlington. The rates in St. Catharines and Fort Erie are comparable with those in Cambridge, Halton Hills and Milton. On a regional basis, Niagara's absorption rate does compare with Halton's rate. This finding is generally consistent with those relating to the relative competitive performance of Niagara in the actual number of new establishments (see Tables 8 and 9). However, the relatively low rate of job creation in Niagara suggests that the Region is attracting fairly capital intensive industry with high land requirements per employee as opposed to the more labour-intensive industries that tend to locate in Halton.

This suggests that if these trends continue, several municipalities in Niagara will encounter severe difficulties in supplying serviced land from current inventories. In comparison with other area municipalities, only Niagara Falls, Lincoln, Grimsby, and West Lincoln have more than 5 years serviced land available at current

## TABLE 18

## SERVICED INDUSTRIAL LAND COSTS - SELECTED REGIONS IN CENTRAL ONTARIO 1978-1979

| Municipality/Region | Cost/Acre (dollars) |
|---|---|
| Niagara | 10-60,000 |
| Niagara Falls | 15-40,000 |
| Port Colborne | 10-21,000 |
| St. Catharines | 18-60,000 |
| Fort Erie | 15-20,000 |
| Welland | 20-30,000 |
| Waterloo | 25-45,000 |
| Cambridge | 30-45,000 |
| Kitchener | 28,500 |
| Halton | 15-90,000 |
| Milton | 35-55,000 |
| Oakville | 55-85,000 |
| Burlington | 35-90,000 |
| Halton Hills | 15-55,000 |
| Peel | 80-130,000 |
| Hamilton-Wentworth | 40-75,000 |

absorption rates. These are the only municipalities which would not be considered severely constrained in their supply of industrial land. Although they both have supplies of unserviced industrial land, both Pelham and Thorold are at a clear disadvantage in attracting industry because they currently (1979) have no serviced industrial land.

### 2.2.7 Industrial Land Costs

While several municipalities are at a disadvantage because of a short supply of serviced industrial land, land costs remain fairly low and very competitive with industrial land prices in competing regions. Table 18 provides some indication of the range of land costs within Niagara and ranges of costs found elsewhere. Prestige industrial land on the QEW, where available, is expensive but is comparable and competitive in terms of overall value with land obtainable elsewhere in neighbouring Hamilton-Wentworth and Halton. The advantage with Niagara lies in the less prestigous serviced industrial lands available at very competitive prices in the northern municipalities, Niagara Falls and to some extent, Fort Erie. This gives a competitive advantage to some areas in the Region in attracting new industry over competing areas such as Kitchener-Waterloo and Brant County. In most cases, good transportation and other services are readily available from these sites.

Competing centres such as Cambridge and Guelph, in most cases, can offer land at a price level competitive with the better sites in Niagara. Their advantage over Niagara is a result of the volume of well organized industrial land blocks they have available. While new industrial lands coming on stream will undoubtedly be more expensive,

## TABLE 19

## LOANS APPROVED - FEDERAL BUSINESS DEVELOPMENT BANK 1976-1979
($,000)

| Branch | Year* 1976 | 1977 | 1978 | 1979 | Annual Average | % of Ontario Total 1976-79 |
|---|---|---|---|---|---|---|
| St. Catharines | | | | | | |
| # loans | 107 | 106 | 142 | 165 | 130 | 4.6 |
| $ loaned | 6,305 | 5,571 | 8,109 | 8,104 | 7,022 | 5.4 |
| avg. loan size | 58.93 | 52.56 | 57.11 | 49.12 | 54.02 | |
| Kitchener-Waterloo | | | | | | |
| # loans | 183 | 130 | 176 | 198 | 172 | 6.0 |
| $ loaned | 8,971 | 5,322 | 8,536 | 8,183 | 7,753 | 6.0 |
| avg. loan size | 49.02 | 40.94 | 48.50 | 41.33 | 45.08 | |
| Hamilton | | | | | | |
| # loans | 169 | 103 | 133 | 142 | 136 | 4.8 |
| $ loaned | 6,964 | 3,384 | 5,600 | 5,728 | 5,169 | 4.0 |
| avg. loan size | 41.21 | 32.85 | 42.11 | 33.30 | 38.01 | |
| Ontario | | | | | | |
| # loans | 2,629 | 2,505 | 2,632 | 3,670 | 2,859 | 100 |
| $ loaned | 114,279 | 104,658 | 118,188 | 183,248 | 130,093 | 100 |
| avg. loan size | 43.47 | 41.78 | 44.90 | 49.93 | 45.50 | |

* Fiscal year end 1979.

Areas served by following FBDB branch offices:

Hamilton: The county of Brant, the regional municipalities of Hamilton-Wentworth and Haldimand-Norfolk (except easterly portion served by St. Catharines branch) and the part of the City of Burlington located west of Appleby Line and south of Highway 5.

Kitchener-Waterloo: The regional municipality of Waterloo and the counties of Wellington and Dufferin.

St. Catharines: The regional municipality of Niagara and in the regional municipality of Haldimand-Norfolk, the townships of Canborough, Dunn, Moulton and Sherbrooke.

5.4% of the total funds loaned in Ontario over the period. This 0.8% difference suggests that loans in the Niagara Region have been larger on average than elsewhere in the province. The statistics on average loan size bear this out. The annual average loan provided by the St. Catharines Branch was $54,020. By comparison, the average loan from the Kitchener-Waterloo Branch was $45,080 and from the Hamilton Branch $38,010. The Provincial average was $45,500.

In the last fiscal year (ending March 31, 1979), the average loan size provided in St. Catharines was lower than the Ontario average. They were still above the average loan levels found in the Hamilton and Kitchener-Waterloo areas, but the higher levels of assistance went to other areas in the province.

These statistics illustrate that FBDB has been as active in Niagara, as in competing areas, and is obviously meeting a need in providing higher risk financing. The amount of assistance received by Niagara firms has been above average, confirming our previous assessments of development patterns and reflecting a higher capital need (more land, buildings and capital per job) on the part of local businesses in the Region.

Summary

While the five indicators (growth in establishments, employment, industrial construction values and FBDB activity and land availability and costs) are general in nature, they do supplement the findings from the regional economic analysis and give us a good idea of Niagara's performance in attracting manufacturing industries in recent years. The Region (particularly Niagara Falls and St. Catharines) has

attempts should be made to retain the price advantage and improve the availability of land in Niagara and competitiveness with the Waterloo-Wellington area.

2.2.8 Federal Business Development Bank Activity

The Federal Business Development Bank (FBDB) provides loans to businesses across Canada when they are unavailable from other conventional sources on normal terms and conditions. Usually, this is because these businesses are considered to be 'higher risk' propositions. The Bank performs the role of a supplemental lender. In 1979, over half of the total FBDB financing ($668 million in Canada) was used in the acquisition of fixed assets and the balance used for purposes such as improving working capital and effecting a change of ownership. It was also used to assist in the start-up of new Canadian enterprises. The Bank serves manufacturing, trade and tourism operators in its loan programs, as well as providing management services such as counselling, training and information to business.

Data on loans approved during the past 4 fiscal years of the Bank's operations are provided in Table 19. For comparative purposes data on the Hamilton and Kitchener-Waterloo Branches have been included. It should be noted that the branch service areas are quite large and include other counties such as Brant, Wellington and Dufferin and Haldimand-Norfolk Region.

Within the past 4 years, the St. Catharines Branch has provided an annual average of 130 loans to businesses. This represents 4.6% of all FBDB loans granted in Ontario during that period. In terms of dollars lent, the St. Catharines Branch provided an annual average of

been fairly successful in attracting a number of small industries but a corresponding growth in assessment has not followed. The low building permit values indicate this, despite a reasonably active take-up of industrial land.

We feel that the firms starting up in the Region have been relatively capital intensive, have had relatively large storage and other area requirements and may have been acquiring some land in anticipation of future expansion. They have started small and are optimistic about the future. Assessment growth should come in the future, but is dependent upon the success of these businesses. There is considerable evidence of a relatively high rate of growth of "indigenous" firms. However, the relatively low rate of job creation should be of some concern.

The effect of business failures and relocations should not be overlooked in a discussion of the above factors. We have found that information on this subject is generally incomplete in the majority of area municipalities. The little data that was available indicates that failures and moves could explain some of the high business start-up figures, but we are unable to ascertain whether this is an isolated or region-wide phenomenon.

The availability of serviced industrial land poses a serious problem for Niagara. While land costs are generally low and provide good value to new industry, the availability and selection is very low. At current absorption rates, many municipalities will run out of serviced land within the next 5 years if nothing further is done. As a basic requirement of industry, the lack of serviced land is a very real constraint on growth and is a major concern.

TABLE 20

GROWTH IN FOOD & BEVERAGE
ESTABLISHMENTS - NIAGARA*
1971-1979

| Industry | # of Establishments 1971 | 1979 | Growth |
|---|---|---|---|
| Meat Packing & Products | 11 | 15 | +36.4% |
| Dairy Products | 12 | 7 | -41.7% |
| Canned & Frozen Foods | 16 | 11 | -31.3% |
| Flour & Other Grain Mill Products | 12 | 14 | +16.7% |
| Bakery Products | 19 | 21 | +10.5% |
| Candy & Other Confectionaries | 3 | 6 | +50% |
| Wine, Carbonated Beverages & Syrups | 8 | 13 | +62.5% |
| Misc. Food Preparations | 5 | 6 | +20% |
| Total | 86 | 93 | +8.1% |
| Employment | 3,002 | 3,568 | +18.9% |

* All figures based on data obtained from industrial directories for the Regional Municipality of Niagara (1971-72) and the City of Niagara Falls and area.

## 2.3 Selected Concerns in the Food and Beverage Industries

One industry in the manufacturing sector which is of particular interest in Niagara is the food processing industry. Like the metal fabricating, and automotive components and accessories industries, food processing has a high potential for considerable "backward" and "forward linkages". Its future will, on the one hand, have a direct impact on the agricultural sector and the preservation of prime agricultural lands, and on the other, influence the number of local jobs in the processing, canning and related industries.

While a number of industries in the food and beverage manufacturing sector in Niagara have recorded significant growth in the last decade, others have witnessed considerable decline (see Table 20). Meat packing and products, candy and other confectionaries, and the wine, carbonated beverages and syrups industries have seen considerable local expansion. However, the important canning and frozen foods industry has undergone a decline of over 31%, in terms of the number of establishments. With increasing capital intensity in this entire sector it is likely that the decline in local employment has been even greater. Given the natural climatic and soil advantages of the Region, and the stock of resources in terms of agricultural skills and general know-how, this pattern of decline is of considerable concern to many people throughout Niagara.

The pattern of decline in the processed fruit and vegetable industry, is Ontario-wide.* Ontario accounts for

* The issues, trends and proposed remedial measures are set out in the Progress Report of the Consultative Task Force on the Processed Fruit and Vegetable Industry of Ontario, Toronto: (1979). We are indebted to Mr. Y. Gribowski, Policy Advisor to the Industry Sector Policy Branch, Ministry of Industry and Tourism for his thorough briefing on the issues at hand and the progress of the Task Force.

approximately 60% of this industry's employment and shipments in Canada. Approximately 10,000 are employed full-time in this industry, while about 12,000 farmers supply fruits and vegetables to the industry. The industry is in trouble. Imports of canned peaches to Ontario increased from $4.667 million in 1960 to $18.377 million in 1978. The same period was marked by the closure of some 17 of the 20 processing plants in the tender fruit industry. For peaches alone, it is estimated that some $20 million in wages have been lost, for all steps in the growing, production and canning processes, in Ontario in 1978.* In 1978 Ontario supplied only 16% of the Canadian market for processed peaches (down from 50% in 1960). The Task Force concluded that the "entire tender fruit processing industry is in imminent danger of disappearing completely from this province simply because there are insufficient "clingstone" variety peach trees to hold the industry viable" (p. 16). Of further concern to Niagara is the Task Force's conclusion that "if the tender fruit industry collapses, then about 65% of the 23,000 acres growing grapes suitable for the wine industry may eventually also be adversely affected" (p. 17).

While there are hopeful signs on the horizon (e.g. the GATT Agreement, competitive Canadian dollar, increasingly competitive costs of production in Canada), the Task Force has recommended an aggressive development programme for the peach industry. These recommendations will be of direct interest to producers and tender fruit processors in Niagara. They include a series of steps to increase the security of supply and price of clingstone peaches for producers and processors, a larger tree planting programme (270,000 by 1985 and

* See the Task Force's Report, p. 15.

27,000 replacements annually thereafter), and bridge financing for producers in the lengthy planting-to-production period. The Task Force anticipates an expansion of processing facilities in the late 1980's if the programme is pursued successfully. The potential is of immediate interest to Niagara.

## 2.4 Growth in the Non-Manufacturing Sector to Date

While we have devoted considerable attention to an assessment of the past performance and potential of the Region's manufacturing sector, it should not be misinterpreted as suggesting the unimportance of the services sector. The Trade sector accounted for nearly 15% (17,789 jobs) of total employment in 1971, while the Finance, Insurance and Real Estate (3.1% - 3,803 jobs) and the Community, Business and Personal Services (26.5% - 32,511 jobs) sectors were also key components of the Regional economy. As will be seen in the next section on macroeconomic trends, the services sector is the highest growth sector in the Ontario economy and will continue to be a major source of job opportunities over the next decade. The services sector is especially important to Niagara because it:

- represents a particularly buoyant job opportunity sector
- offers considerable scope for new occupational opportunities for the female labour force in the Region
- serves to diversify the Regional economy
- represents a key sector in office-based employment and plays a critical role in the development and redevelopment of the Region's urban central areas
- provides critical support services (e.g. accounting, engineering) for the Region's manufacturing and commercial base.

Special and separate surveys of the office-based services sector and the tourism sector have been undertaken for this Study. The results and analyses are presented in Appendices 2 and 3 of this Report. In this section we will attempt a general assessment of the performance of the services sector over the 1971-79 period.

The data base for the services sector for 1979 is non-existent. The only comprehensive data available is from the 1971 Census. Unlike the case of manufacturing, a new data base could not be compiled for the present assignment. Indirect estimates of the size of the services sector in 1979 have therefore to be made. Our first impression was that the services sector as a whole has not recorded significant growth over the 1971-79 period. We arrived at this conclusion for the following reasons:

1. The overall rate of employment growth in Niagara (as reflected by growth in the employed labour force) has been below the Ontario rate.*

2. As growth in the manufacturing sector (especially from smaller firms) has been substantial (i.e. 2.0 - 2.2% per annum) and the overall rate of growth in the Region's economy has been modest (i.e. below 1.7% per annum), the residual growth in the services sector cannot have been very high.

We have estimated the actual size and growth of the services sector from the following assumptions and calculations.

STEP 1

To estimate total employment in Niagara for 1979, relate the growth in the activity rate (jobs/capita) in Niagara to that in Ontario as a whole, through the relative growth of their populations and employed labour force.

A. $$\frac{(P_N)}{(P_O)} \ (1971\text{-}77) = \frac{1.0}{1.4} = .7143$$

* See Trends in the Niagara Regional Economy: 1961-1978, Part 3, Table 2. The Niagara rate of growth has been approximately 77% that of Ontario as a whole.

B. $\frac{(ELF_N)}{(ELF_O)}$ (1971-76) = $\frac{2.0}{2.6}$ = .7692

C. $\frac{A}{B}$ = .9286

D. [ $AR_O$ (1971-77)] [.9286]

i.e. (1.09523) (.9286) = 1.01703

E. $AR_N$ (1971-77) = (D) ($AR_N$) (1971)

= (1.01703) (.353)

= .359

F. $E_N$ (1977) = $AR_N$ (1977) x $P_N$ (1977)

= (.359) (367,000)

= 131,753 (rounded - 132,000)

G. Employment trend 1971-77 = 1.2% per annum. Total Regional employment estimate for 1979 of 135,000 jobs.

Where
$P_N$ = Population of Niagara
$P_O$ = Population of Ontario
$ELF_N$ = Employed Labour Force in Niagara
$ELF_O$ = Employed Labour Force in Ontario
= Growth
AR = Activity Rate (i.e. Employment/Population)
$E_N$ = Employment in Niagara

Once this independent "forecast" for the 1979 Regional employment was completed, another perspective was employed. Because of the Census in 1971 it is known that the total number of jobs actually in the Region (place-of-work employment) was nearly 92% of the employed labour force resident in Niagara. Assuming this to be stable into 1976, we can estimate from the available resident employed labour force statistics that there were approximately 137,000 jobs in Niagara at this time. This compares with our estimate above, from a totally different perspective, of nearly 132,000 jobs by this date. This order of divergence suggests some underestimation from the previous perspective.

If the relationship between employment numbers in Niagara and the size of the resident employed labour force held until 1979 one would expect up to 143,000 jobs in the Region at this time. This is likely to be a slight exaggeration for three reasons. First, it would represent a growth rate of nearly 2% per annum in employment, almost equal to that of the labour force. This is inconsistent with the increase in Regional unemployment witnessed over the last few years. Second, it runs contrary to the evidence of a slowdown in employment opportunities through plant closures and the degree of stagnation in the toursim sector. Third, with the upturn in the economy in neighbouring Hamilton-Wentworth in the last two years it is likely that the resident labout force in Niagara has availed of some new job opportunities in that area. The relationship between employment in Niagara and the volume of the resident labour force who are employed (i.e. 92%) has, and is likely to continue to change, i.e. decrease. It is our view therefore, that a realistic estimate of current (i.e. 1979) employment in Niagara lies around 140,000 jobs.

STEP 2

Subtract 49,000 manufacturing jobs and 4,900 jobs in agriculture, mines and quarries (assume down to 3.5% of total employment by 1979 from 4.5% in 1971).

STEP 3

Assume most of the growth in construction employment and jobs in transportation, communications and other utilities reflects the growth in manufacturing over the 1971-79 period. Subtract 8,528 and 8,962 jobs from the remainder.

STEP 4

Assume that the growth in trade and public administration employment over the 1971-79 period has reflected the growth in population. This is likely to be a minimum estimate due to some expansion of employment in the Regional Municipality after 1971 and the growth of some regional shopping centres. Subtract 18,849 and 5,461 jobs.

This leaves a residual of 44,300 jobs in the Finance, Insurance and Real Estate sector and the Community, Business and Personal Services sector.

STEP 5

The Finance, Insurance and Real Estate sector is one of the fastest growing in the Ontario economy. In the 1971-78 period employment in this sector grew at 4.8% per annum, over three times that of the manufacturing sector, twice that of the industrial composite and higher than the overall rate of growth of employment in the total economy (about 3.0%). There is evidence that there has been considerable activity in this sector in the Niagara Region, notably in the St. Catharines area. It is very likely that this sector has been growing faster than the manufacturing sector. A reasonable estimate would lie around the 3.0% per annum mark, suggesting a 1979 employment in the order of 4,820 (1971 - 3,803).

STEP 6

The Community, Business and Personal Services sector encompasses employment in education, health and welfare, personal services (e.g. laundries, barber shops) food and accommodation, amusement and recreation, religious organizations and services to business management. From the previous assumptions and calculations it is our estimate that there are currently approximately 39,480 jobs in this sector (1971 - 32,511). This suggests, as surmised at the outset of this estimation process, a modest rate of growth in this important sector, of around 2.5% per annum. This runs well behind the general trend in Ontario as a whole for this dynamic sector (e.g. 6.5% per annum in the 1971-78 period).* It suggests that within this sector in Niagara there may have been stagnation in employment.

With the assistance of the Region's Planning and Development Department a total of 6,900 jobs in education was calculated for 1979. There were 10,060 people employed in the health and welfare and personal services sectors in 1971. Given the growth and aging of the population over the 1971-79 period and the expansion of welfare activities, it may be assumed that this level of employment has grown a little faster than the population. A 1979 estimate of 11,000 jobs is made.

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* The only way this figure might be an underestimate of the actual employment in this sector today, would be if (a) our estimate of total employment was too low, and/or (b) our estimate of manufacturing employment was too high. However, as noted earlier, these estimates have been derived from reliable sources and are regarded as reasonable approximations of employment levels today.

This indicates that with a residual (and likely a maximum) employment estimate of around 21,580 jobs in services to business management, amusement and recreation and food and accommodation in 1979, there has been considerable expansion in this sector since 1971 (13,495). While there may have been some expansion of employment in amusement, recreation and food and accommodation services, there is little evidence to indicate substantial growth here. It is likely therefore, that the larger part of the additional 5,386 jobs were created in the services to business management sector (e.g. consulting firms, accountants, advertising firms, legal offices).

## CONCLUSIONS

Our conclusions therefore are that in the 1971-79 period, (a) Niagara has witnessed a relatively slow rate of growth in the Regional economy and associated employment opportunities, and (b) the services sector as a whole, in contrast to the manufacturing sector (especially new and smaller industries), has not recorded significant growth. This is not true for the Finance, Insurance and Real Estate sector and some of the Business Services (e.g. engineering consultants).

## 3. THE ONTARIO ECONOMIC ENVIRONMENT 1980-1990: AN ASSESSMENT OF MAJOR GROWTH SECTORS

At this stage we will move away from the interregional analysis and the details of recent economic performance and examine the prospects for Niagara within the overall growth prospects for the Ontario economy over the next decade. Our analysis incorporates the expected growth in employment and real domestic product of the major goods and service industries in Ontario. More precisely, we will assess

TABLE 21

ONTARIO: FORECAST OF EMPLOYMENT BY INDUSTRY, RANKED BY SIZE AS OF 1977
(Thousands)

| Industry | 1977 | 1981 | 1984 | 1987 | % Growth 1977-1987 |
|---|---|---|---|---|---|
| 1. Other - Service Industries (excludes, Transportation (5); Communication (15); Trade (2); Finance (6)) | 471 | 514 | 549 | 580 | 39.1 |
| 2. Trade | 417 | 467 | 509 | 547 | 31.3 |
| 3. Construction | 217 | 247 | 272 | 285 | 31.3 |
| 4. Primary Metal and Metal Fabricating | 179 | 193 | 205 | 211 | 17.9 |
| 5. Transportation and Storage | 144 | 150 | 155 | 157 | 9.0 |
| 6. Finance, Insurance and Real Estate | 127 | 151 | 172 | 192 | 51.2 |
| 7. Food, Feed, Beverages and Tobacco | 117 | 121 | 124 | 125 | 6.8 |
| 8. Agriculture, Fishing and Trapping | 114 | 114 | 114 | 114 | 0.0 |
| 9. Motor Vehicles and Parts | 113 | 120 | 127 | 131 | 15.9 |
| 10. Electrical Products | 101 | 100 | 99 | 96 | -5.0 |
| 11. Paper and Allied Industries | 97 | 104 | 109 | 113 | 16.5 |
| 12. Machinery and Transportation Equipment (excluding Motor Vehicles and Parts (9)) | 94 | 101 | 106 | 110 | 17.0 |
| 13. Chemical, Rubber and Petroleum Products | 88 | 93 | 97 | 100 | 13.6 |
| 14. Other Manufacturing | 81 | 85 | 89 | 92 | 13.6 |
| 15. Communication | 75 | 82 | 88 | 93 | 24.0 |
| 16. Textile and Clothing | 75 | 75 | 76 | 75 | 0.0 |
| 17. Mines and Quarries (excluding Mineral Fuel Mines and Wells (22)) | 55 | 52 | 49 | 46 | -16.4 |
| 18. Wood and Furniture | 42 | 44 | 45 | 45 | 7.1 |
| 19. Electric Power and Gas Utilities | 34 | 36 | 39 | 40 | 17.6 |
| 20. Non-Metallic Mineral Products | 30 | 31 | 33 | 33 | 10.0 |
| 21. Forestry | 13 | 13 | 14 | 14 | 7.7 |
| 22. Mineral Fuel Mines and Wells | 0 | 0 | 0 | 0 | 0.0 |
| T1 Total: Commercial Goods Industries | 1,448 | 1,529 | 1,594 | 1,629 | 12.5 |
| T2 Total: Commercial Service Industries | 1,234 | 1,364 | 1,473 | 1,570 | 27.2 |

Notes:

T1) Includes industries ranked 3, 4, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 22.
T2) Includes industries ranked 1, 2, 5, 6, 15.

Source: The Ontario Economy 1978-1987, Institute for Policy Analysis. Table 3.5.

growth prospects for a number of industries that are designated at the 2 or 3 digit level in terms of the Standard Industrial Classification. Both employment and output (real domestic product) growth are used in determining the growth prospects of the various industries to control for any bias generated if only one factor was used in determining so-called "growth industries". For example, an industry may record exceptional annual increases in employment but have only marginal growth in output as the result of poor productivity performance. These industries, which tend to be labour intensive by nature, will not provide many high wage rate opportunities. Conversely, a region with chronic unemployment problems may not wish to rely heavily upon capital intensive industries or those industries with strong growth in output, but relatively little growth in employment.

Table 21 shows the major industrial sectors in Ontario, ranked according to the number of employees that each industry employed in 1977, with the anticipated growth in employment over the 1977-87 period. We chose to rank these sectors by size since the use of growth rates can be misleading. A sector whose employment level is two thousand in 1977 and grows to ten thousand in 1987 will have a higher growth performance than a sector with 100 thousand in 1977 and 200 thousand in 1987. The forecast growth rates therefore, presented in Table 21, should be considered in relation to the size of the work force actually present in the given sector.

The commercial services sector employment is expected to increase by twice the amount of growth expected in the commercial goods sector. This is not a surprising result when one considers that three

service industries (other services, trade, and finance, insurance and real estate) are expected to have high levels of employment and growth of over 30% in the time period.*

The major employment opportunities in the services sector are concentrated in the trade, finance and other services industries in Ontario. While these three industries have the best combination of growth and levels of employment, the remaining service activities should not be overlooked. Transportation and storage have a high level of employment coupled with a relatively low rate of growth, while the communications division is expected to record significant increases in employment, but from a relatively low level in 1977. The services sector as a whole in Ontario has excellent potential in terms of employment opportunities in the next eight years. Despite high growth in Western Canada and the movement of some corporate offices, Toronto will remain the financial capital of Canada, with the result that a continuing strong demand for commercial and business services is ensured.

The outlook for the goods producing industry is not as optimistic, at least in terms of employment growth. One of the reasons for the slower growth in this sector is the fact that Ontario specializes in goods producing industries which have relatively high rates of increase in productivity and are relatively capital intensive. Thus while the output growth in the next eight years (Table 22) is quite similar in the goods and services sectors, the goods sector will not

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* Note that these growth rates are compound annual growth rates over the period 1977 to 1987. Also shown in the table are intermediate years between the end points so that any changes in trend can be determined.

## TABLE 22

### COMPOUND ANNUAL GROWTH RATES OF CANADIAN INDUSTRIES IN TERMS OF REAL DOMESTIC OUTPUT

### 1979-1990[a]

| Industry | Growth Rate | Industry | Growth Rate |
|---|---|---|---|
| 1. Air Transport | 7.8 | 23. Motor Vehicle and Trailer Equipment | 3.4 |
| 2. Railroad Rolling Stock | 6.6 | 24. Iron and Steel Mills | 3.2 |
| 3. Metal Mines | 4.6 | 25. Textiles | 3.2 |
| 4. Coal Mines | 4.4 | 26. Miscellaneous Manufacturing | 3.2 |
| 5. Pulp, Paper and Allied | 4.4 | 27. Rubber | 3.2 |
| 6. Machinery (Non-Electrical) | 4.2 | 28. Storage | 3.1 |
| 7. Petroleum and Coal Products | 4.1 | 29. Transportation Equipment | 3.1 |
| 8. Finance, Insurance and Real Estate | 4.1 | 30. Primary Metals | 3.0 |
| 9. Hotel and Restaurant Services | 4.0 | 31. Meat Processing | 3.0 |
| 10. Business Services | 4.0 | 32. Construction | 3.0 |
| 11. Non-Metal Mines | 3.9 | 33. Communications | 2.8 |
| 12. Alcoholic Beverages | 3.9 | 34. Metal Fabricating | 2.8 |
| 13. Wholesale Trade | 3.8 | 35. Non-Metallic Mineral Products | 2.8 |
| 14. Tobacco | 3.8 | 36. All Food Processing | 2.8 |
| 15. Industrial Chemicals | 3.7 | 37. Wood | 2.7 |
| 16. Chemical Industries | 3.7 | 38. Electrical Products | 2.5 |
| 17. Agriculture | 3.6 | 39. Educational Services | 1.9 |
| 18. Forestry | 3.6 | 40. Furniture | 1.9 |
| 19. Printing and Publishing | 3.6 | 41. Leather | 1.4 |
| 20. Retail Trade | 3.6 | 42. Motor Vehicle Parts and Accessories | 1.1 |
| 21. Health Services | 3.4 | 43. Knitting and Clothing | 1.0 |
| 22. Shipbuilding and Other Transportation Equipment | 3.4 | 44. Fishing and Trapping | 0.6 |
| | | 45. Dairy Products | 0.0 |

a. Cyclical industries have been adjusted through the use of log-linear regressions in order to determine the proper trend growth.

Source: Woods Gordon (1979).

perform as well with regard to employment growth due to its higher degree of capital intensity.

Despite the general outlook, the goods producing industries have some positive prospects. For Ontario as a whole construction, primary metals and metal fabricating, motor vehicles and parts, paper and allied industries, and machinery and transportation equipment are all expected to record significant growth, beginning with reasonably high levels of employment in 1977. On the other hand, weak employment growth is expected in agriculture, fishing and trapping, electrical products, textile and clothing, and mines and quarries. Employment will be affected by short-term fluctuations, but our forecasts indicate that over the long run, developments in these sectors will be poor.

The output sector was developed through the use of Woods Gordon's version of the CANDIDE econometric model.* While our growth projections are on a national rather than provincial level, we feel that for most sectors the outlook for Ontario and Canada will be similar. An historical table (Table 23) is provided which, by ranking all sectors on the basis of the rates of output growth over the 1966-77 period, gives some indication as to the past performance of these sectors. However, emphasis will be placed upon the projected growth over the next decade.

All facets of the air transportation industries and the rail-related industries are expected to have the greatest gains. The continuing energy problems will boost the demand for rail travel and world air travel is expected to increase with the expected increase in

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* We believe that the forecasts made by the Ontario Economic Council are somewhat more optimistic in terms of their estimates of real output and inflation. Their forecasts were prepared in early 1978, before recent OPEC price increases, etc.

## TABLE 23

### COMPOUND GROWTH RATES OF CANADIAN INDUSTRIES 1966-1977 IN TERMS OF REAL DOMESTIC PRODUCT

| | | Compound Growth 1966 - 1977 |
|---|---|---|
| 1. | Air Transport | 12.5 |
| 2. | Motor Vehicle and Trailer Equipment | 10.7 |
| 3. | Coal Mines | 8.9 |
| 4. | Business Services | 8.1 |
| 5. | Transportation Equipment | 7.9 |
| 6. | Communications | 7.7 |
| 7. | Motor Vehicle Parts and Accessories | 7.1 |
| 8. | Miscellaneous Manufacturing | 6.4 |
| 9. | Industrial Chemicals | 5.9 |
| 10. | Hotel and Restaurant Services | 5.9 |
| 11. | Non-Metal Mines | 5.9 |
| 12. | Alcoholic Beverages | 5.9 |
| 13. | Chemical Industries | 5.5 |
| 14. | Retail Trade | 5.4 |
| 15. | Finance and Real Estate | 5.4 |
| 16. | Machinery (Non-Electrical) | 5.1 |
| 17. | Educational Services | 4.8 |
| 18. | Petroleum and Coal Products | 4.8 |
| 19. | Wood | 4.6 |
| 20. | Rubber | 4.5 |
| 21. | Health Services | 4.5 |
| 22. | Wholesale Trade | 4.3 |
| 23. | Meat Processing | 4.2 |
| 24. | Textiles | 4.1 |
| 25. | Printing and Publishing | 4.1 |
| 26. | Non-Metallic Minerals Products | 4.0 |
| 27. | Electrical Products | 3.6 |
| 28. | Furniture | 3.4 |
| 29. | Construction Industries | 3.3 |
| 30. | Pulp, Paper and Allied | 3.2 |
| 31. | All Food Processing | 3.1 |
| 32. | Tobacco | 3.0 |
| 33. | Metal Fabricating | 3.0 |
| 34. | Metal Mining | 2.9 |
| 35. | Knitting and Clothing | 2.9 |
| 36. | Forestry | 2.9 |
| 37. | Storage | 2.7 |
| 38. | Primary Metals | 2.7 |
| 39. | Iron and Steel Mills | 2.2 |
| 40. | Railroad Rolling Stock | 1.9 |
| 41. | Agriculture | 1.4 |
| 42. | Dairy Products | 1.3 |
| 43. | Leather | -0.5 |
| 44. | Fishing and Trapping | -0.8 |
| 45. | Shipbuilding and Other Transportation Equipment | -1.4 |

Source: Statistics Canada.

## TABLE 24

### A RANKING OF THE INDUSTRIES USING EMPLOYMENT AND OUTPUT PROSPECTS (1979 to 1990)

**High Growth**

Air Transport
Railroad Rolling Stock
Pulp, Paper and Allied
Machinery (Non-electrical)
Finance, Real Estate and Insurance
Hotel and Restaurant Services
Alcoholic Beverages
Wholesale Trade
Industrial Chemicals
Chemical Industries
Business Services

**Above Average Growth**

Printing and Publishing
Retail Trade
Health Services
Motor Vehicle and Trailer Equipment
Iron and Steel Mills
Tobacco
Rubber
Shipbuilding and Other Transportation Equipment
Communications
Construction
Miscellaneous Manufacturing

**Average Growth**

Metal Mining
Non-Metal Mines
Primary Metals
Storage
Forestry
Meat Processing
Metal Fabricating

**Below Average**

Non-Metallic Mineral Products
Wood
All Food Processing

**Low Growth Industries**

Electrical Products
Textiles
Educational Services
Furniture
Leather
Motor Vehicle Parts and Accessories
Knitting and Clothing
Fishing and Trapping
Dairy Products

Source: Woods Gordon (1979).

world trade. Other strong performances in the goods sector are anticipated in mining, pulp and paper, non-electrical machinery, alcoholic beverages, tobacco, and the chemical industries. In the services sector, the best output performances are expected in finance, insurance and real estate, hotel and restaurant services, business services and wholesale trade. The industries with growth rates between 3.0% and 3.6% per year were designated as above average growth industries, and this grouping contains industries such as motor vehicle and trailer equipment, retail trade and iron and steel mills. Slightly below average were those sectors in the 2.5% and 3.0% range per annum and the weak growth industries are those below 2.5%. Included in the latter category are educational services, furniture, motor vehicle parts and accessories, and knitting and clothing.

Table 24 summarizes our assessment of the major growth industries for Ontario over the next decade, based upon both our employment and output projections. The top growth industries are expected to be: air transport, railroad rolling stock, pulp, paper and allied, non-electrical machinery, finance, insurance and real estate, business services, alcoholic beverages, wholesale trade, and chemical industries. Some industries such as mining, construction and communications had very strong growth on the basis of one of the two criteria (i.e. output or employment), but were average or below average in the other, so they are classified as average. The very weak growth industries are: textiles, electrical products, educational services, furniture, leather, motor vehicle parts and accessories, knitting and clothing, fishing and trapping, and dairy products.

## 4. THE POTENTIAL FOR GROWTH IN NIAGARA, 1980-1990

### 4.1 General

In the previous section the major sectors were classified in terms of their output and employment growth prospects at the Canadian, but especially at the Ontario levels. In this section we will attempt to draw out some of the implications of the preceding Canadian and Ontario projections for Niagara, given its particular economic structure.

Of the industries present in Niagara today, we would expect the highest growth industries (in terms of both employment and output) to be pulp, paper and allied, non-electrical machinery, hotel and restaurant services, alcoholic beverages and chemical products. Pulp, paper and allied could be the best growth prospect of the group. The industry has become competitive relative to the U.S. producers in the last 3 years due to the 20 cent decline in the exchange value of the Canadian dollar. Exports of pulp and paper to the U.S. in 1979 at this time are up 35% over the same period a year earlier. However, one would not expect increases of this magnitude to continue, since a significant depreciation over the forecast period is not anticipated. In fact we believe that a slight appreciation to 90 cents (U.S.$) will take place throughout the decade. This will still keep the pulp and paper industry competitive. One other additional factor favouring the industry is the prospect that Canada may come closer than the other major industrial nations to achieving oil self-sufficiency. In addition, Canadian electricity prices are expected to be among the lowest among industrial nations and this is a great benefit to highly energy intensive

industries such as pulp and paper. Detracting from these favourable Ontario-wide prospects are more local considerations regarding the age of the plant in Niagara, the distance from depleted and relatively slow-growing forest resources in Northern Canada (in contrast to United States forest resources), and the uncompetitive wage rates on the Canadian side of the border. The generally favourable prospects at the Ontario level of analysis, will not necessarily therefore, translate themselves into substantial new investments in plant and capacity at the Niagara level.

The non-electrical machinery sector is likely to record good growth as capital investment is expected to advance significantly in the 1980's. A significant portion of this investment is related to the capital needs of the energy sector. Thus machinery used in the production of steel, oil rigs and other energy related materials and equipment will be in demand.

The maturing of the Canadian population, coupled with rising personal incomes results in an excellent outlook for the alcoholic beverages sector. In addition, the relatively low value of the Canadian dollar in relation to some of the European currencies should continue to make the price of Canadian wine relatively inexpensive as against the European wine prices. The chemical industries also have a positive outlook over the next decade, due to the wide variety of uses of chemicals and their application in the production of energy-saving materials. Those chemical companies in Niagara which use extensive amounts of imported chemicals find this situation somewhat more difficult, as world oil prices continue to rise and world oil supplies tighten. We expect the so-called Eastern bloc

countries to become importers of oil in the late 1980's, which could place additional pressure on world oil supply and prices.

Hotels and restaurant services should have a bright future in the Niagara area as a result of two factors. Given the rising incomes of Canadians, the growing trend to eat one or two meals a day away from home is expected to continue. The tourist inflow is the most important factor in the Niagara region in regard to hotel and restaurant services.* We anticipate a positive performance in this sector due to the exchange rate, energy problems in the U.S. and support of the tourist industry by both the Federal and Provincial governments. A low valued Canadian dollar throughout the decade should deter some Canadians from travelling to the U.S. and result in some more Americans coming to Canada. The Niagara area, according to a study by the Ontario Government is one of the favourite destinations of American tourists. The region could also get a significant boost in tourist dollars if casinos are installed in Niagara Falls, New York.

Some of the other major industries in the Niagara region are expected to experience average to slightly above average growth in the next decade. These industries include primary metals, metal fabricating and motor vehicles and trailer equipment. These industries are interrelated in terms of their growth prospects. The demand for North American autos and most durable consumption products in the 1980's should record fairly high growth. We do not anticipate that the motor vehicle parts and accessories sector, which is also interrelated with these three industries, will perform very well. Since a renegotiation of the Auto Pact is unlikely, the Canadian parts industry will more than

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* Regarding this important sector of the regional economy see Appendix 2 of this Report.

likely continue to lose out to American producers.* The prospects for significant increases to employment in the auto parts industry over the next decade are uncertain.** There is currently considerable discussion regarding the net benefits which might accrue to this industry from a number of developments including recent announcements regarding more Federal research and development aid, recent revaluations of some European currencies (and hence escalation in their auto prices competing in the Canadian market) and expanded Canadian orders for parts under the Federal government's duty remission scheme. The Niagara region however, should have better prospects than the national or Ontario forecasts would indicate. The recent General Motor's announcement shows clearly that two regions in Ontario (Windsor and Niagara) could obtain the majority of new parts production (for North American cars), given their locations in relation to Detroit and Buffalo.

Printing and publishing, another significant industry in the region should have better than average growth, given the rising real personal disposable income levels in North America and the rise in the education levels of the general public. Some sectors will not perform as well as others, however, such as the textbook sector reacting to declining enrollments in secondary and primary schools.

Other major industries in Niagara do not have quite as promising an outlook. The relatively weak growth in non-metallic mineral products, wood and furniture is largely the result of the expected slowdown in Canadian housing starts over the next decade. The Federal Government's mortgage deductibility program will help the

* The automotive trade deficit between Canada and the U.S. reached some $1.98 billion in the first eight months of 1979. The parts deficit was $2.7 billion with a small surplus in finished vehicles.

** See for example the "Financial Post", pp. 1-2, (October 20, 1979) and the "Globe & Mail", p. 2-B (November 1, 1979).

housing market in the next 3 to 4 years, but housing starts are projected to peak in 1981 and will then record negative rates of growth throughout the remainder of the decade. Annual housing starts in the United States should average close to 2 million units in the next decade, with the result that Canadian producers of home-related materials could improve their position if they can penetrate this market.

The textile, leather and related industries will face stiffer competition from low wage countries in the next decade and could encounter some problems even with the tariff protection. The United States and Japan will more than likely continue to dominate the fastest growing sectors of the electric products industry, especially with the liberalization of foreign trade (GATT). The food and beverage sector will contain a strong growth industry (alcoholic beverages), an average growth industry (meat processing) and a weak growth industry (dairy products). We expect the weakness in the dairy industry to result from high costs which will work their way through in higher prices to the consumer, and result in some reduction in consumption patterns with some substitution to other products.

The recent GATT Agreement has opened up some new opportunities for international trade of particular relevance to industries presently in the Niagara area, to associated industries and to those industries which could fit in well with the current industrial makeup of the region. The opportunity areas from the GATT negotiations include such sectors as aircraft parts manufacturers, pulp and paper machinery industries, a great variety of paper producers, six chemical

## TABLE 25

## METROPOLITAN BUFFALO INDUSTRY BY TYPE
(Erie and Niagara Counties)

| Industry Type | # of Industries | % | Rank Order |
|---|---|---|---|
| Food and Beverage | 102 | 9.4 | 4 |
| Textile & Mill Products | 10 | 0.9 | 17 |
| Apparel & Finished Products | 25 | 2.3 | 13 |
| Lumber & Wood Products | 28 | 2.6 | 12 |
| Furniture & Fixtures | 20 | 1.8 | 15 |
| Pulp & Allied Products | 44 | 4.1 | 10 |
| Printing, Publishing & Allied Ind. | 111 | 10.2 | 3 |
| Chemicals & Allied Products | 73 | 6.7 | 6 |
| Petroleum Refining & Related Products | 17 | 1.6 | 16 |
| Rubber & Plastics | 61 | 5.6 | 8 |
| Leather & Leather Products | 9 | 0.8 | 18 |
| Stone Clay & Glass Products | 66 | 6.1 | 7 |
| Primary Metal Industries | 57 | 5.3 | 9 |
| Metal Fabricators | 128 | 11.8 | 2 |
| Machinery | 188 | 17.3 | 1 |
| Electrical Equipment | 44 | 4.1 | 10 |
| Transportation Equipment | 23 | 2.1 | 14 |
| Misc. & Scientific Equip. (35 + 43) | 78 | 7.2 | 5 |
| Total | 1,084 | 100.0 | |

groups, ingot mould and casting machinery industries, packaging and labelling machinery industries and rye whiskey distilleries. It is also worth noting the degree to which textile, clothing and footwear industries will remain protected. Also of interest is the seasonal protection which will still be afforded the fruit and vegetable sectors of agriculture.

## 4.2 New York State

### General

In assessing the development potential of the Niagara Region, Upper New York State deserves special mention. This is because this part of Niagara's competitive environment also straddles the border, is a major concentration of urban-industrial activity and has particularly important competitive characteristics. Erie and Niagara Counties (also described as Metropolitan Buffalo) in upper New York State, comprise a particularly important section of Niagara's competitive environment. With a total population of 1,312,600 in 1977 and a total employed labour force of 514,350, the two counties are much larger than Niagara. Total manufacturing employment in 1977 was 143,675, i.e. almost 3 times the size of Niagara's estimated manufacturing employment in 1979.

The industrial strength in Erie and Niagara Counties traditionally lies in chemical, primary metals (steel), machinery and transportation equipment (automotive) industries. In recent years there has been substantial growth in electronics, non-metallic minerals, rubber and plastics and food and beverages. Table 25 illustrates the number of firms, by type of industry, that were identified in the

Metropolitan Buffalo Industrial Directory of 1976-1977. On the basis of the number of establishments, the industrial strength lies in machinery, metal fabricating, printing and publishing and food and beverage industries.

Major employers in the Erie and Niagara County area include General Motors, Ford, Bethlehem Steel, Carborundum and Westinghouse. Together, these five (5) industries alone employed about 53,000 in 1976-77. An industrial base of this size is attractive to industry because of the established skilled and semi-skilled labour force as well as the strength in supplier and client industries.

While there are many local and state incentives offered to manufacturers including tax relief through exemptions and tax credits and assistance in financing, there are several disincentives to locate in Buffalo. The major problem with the area is its very poor image for industry. It is generally felt there is a chronic unemployment problem, a poor climate with many winter disruptions and that Buffalo itself is a declining city. Despite having the most competitive financing (100%) and tax forgiveness programmes in the United States, and new developments to improve the downtown and waterfront areas, Buffalo's competitiveness remains low.

Total population in Erie and Niagara Counties dropped by 3% between 1973 and 1977 and the City of Buffalo population decreased by some 14% over the same period. While the total non-agricultural employment actually increased by 0.1% between 1973 and 1977, the total manufacturing employment in the area dropped by 6.25%. In terms of value added by manufacture, Buffalo dropped from 16th ranking among the nation's metropolitan areas to 19th ranking from 1972 to 1976.

## TABLE 26

## METROPOLITAN BUFFALO COMMERCIAL AND INDUSTRIAL PARK SPACE

| Industrial Park | Year | Tenants | Total Acreage | Acreage Available |
|---|---|---|---|---|
| Airport City | 1965 | 64 | 150 | 135 |
| Airport Ind. Park | 1972 | 50 | 30 | 5 |
| Audubon Ind. Park | 1977 | 35 | 285.8 | 150 |
| Cheektowaga Com. Park | 1973 | 10 | 6 | 5 |
| Frontier Ind. Park | - | 6 | - | 20 |
| Gardenville Ind. Park | 1959 | 8 | - | 55 |
| Grand Island Ind. Park | 1965 | 7+ | 200 | 100 |
| Lew-Port Ind. Park | 1970 | 6 | 130 | - |
| Mid-County Ind. Park | 1972 | 6 | 45 | 40 |
| Pearce Ind. Park | 1971 | 6 | 50 | 20 |
| Sonwil Ind. Park | 1965 | 8 | 33 | 10 |
| Summit Ind. Park | 1976 | 95 | 1,200 | |
| Thruway Ind. Park I | 1963 | 15 | 41.4 | 3.5 |
| II | 1978 | 4+ | - | 30 |
| III | 1978 | 6 | - | 0 |
| Wehrle Drive Ind. Park | 1977 | 8 | 273.3 | 200+ |
| Western New York Ind. Park | 1976 | 17 | 70 | 4.6 |
| Wheatfield Ind. Park | 1976 | 5 | 48 | 40 |
| Wurlitzer Ind. Park | 1978 | 32 | 40 | 5.7 |
| | Pre - 71 - 8<br>Post - 71 - 10 | 388 | 2,601.5 | 819.3 |

Land for commercial and industrial activity is available in 17 industrial parks throughout the two counties. Table 26 presents data on the year of establishment, total area, available acreage and the number of tenants in each park. Ten (10) of the 19 developments listed were started after 1971 and the acreage available for new industry is 819.3 acres or 31.5% of the total acreage. A variety of services, including oil and water access, are available from a good selection of industrial sites. In addition to this selection, a foreign trade zone south of Buffalo on Lake Erie also offers potential to manufacturers. Land costs in industrial parks average between $18,000 and $22,000 per acre, fully serviced with utilities.

Competitive Potential

The role of Metropolitan Buffalo within Niagara's competitive environment is difficult to establish because, although it does compete openly for manufacturing industries interested in the Niagara Frontier area, it also provides additional attractions to Canadian firms who do not wish to operate in the U.S. but who wish to locate nearby. After reviewing 104 Canadian firms located in Erie and Niagara Counties, we found that just over 10% (11 in number) also had plants in Niagara. Almost 65% (67 firms) had offices in the Metro Toronto/Peel Region. In addition, several major American employers in the Buffalo area such as GM and Carborundum also have plants in Niagara.

While the greater Metropolitan Buffalo area plays a complementary role as well as a competitive one, vis-a-vis Niagara, it is our expectation that this part of Niagara's competitive environment could offer much stiffer competition over the next decade. This is so for the following reasons:

- The area receives very attractive financial support from the U.S. Federal government.
- As with all municipal governments in the United States, and in contrast to Ontario municipalities, local governments can provide a very competitive financial, taxation and land package to entice industries into their area.
- Land costs are generally more competitive than in Niagara.
- There is a greater availability of serviced industrial land.
- Labour costs are lower than in Niagara.
- The urban redevelopment programmes and commercial revitalization investments should bear fruit over the decade.
- The perceived advantages of executive's total compensation package in the United States (especially in tax fields) will continue.
- The gradual decline in tariff barriers between the United States and Canada under the GATT Agreement will increase the manoeuverability of firms on both sides of the border.
- The area will continue to have an abundant supply of skilled and semi-skilled labour force.

For these reasons the competitive balance in industrial location markets could shift more toward the greater Metropolitan Buffalo area over the next decade.

## 4.3 Some Development Scenarios

The future is not only by definition uncertain, but too many numerical estimates of future conditions prove wrong, or worse, are misinterpreted and misleading. Instead of pursuing a lengthy exercise in regional economic forecasting in this instance, the most productive approach to assessing future possibilities in Niagara is to describe a small number of possible futures which may realistically be in store for this area. By describing the possible future course of events and the assumptions behind these "pen pictures" or scenarios, one is able to

(a) critically address the validity of the assumptions, (b) critique the postulated implications of these assumptions, and (c) address directly the action requirements to alter the possibility of the assumptions occurring, and/or to ameliorate their implications. In short, development scenarios provide a very useful development management tool.

Two Scenarios

There are a great number of possible developments which could impact directly on Niagara's future which are not regarded as probable, over the next decade. These include a significant upturn in the area's competitive position and growth rate in major manufacturing industries, a collapse of the tourism sector, a rapid surge in the rate of growth of office-based services employment or a significant return to agricultural and related industries. Developments in the energy field (e.g. major oil finds off Newfoundland, resolution of the Iranian crisis, rationing or tripling of gas prices) could have very significant impacts on the area's tourism sector. Likewise, the secondary effects of a balance of payments crisis for Canada could be combined with real wages deflation and a reduction in the value of the Canadian dollar. Combined with the ongoing tariff reductions under the recently signed GATT, these developments could lead to a resurgence of Canada's manufacturing sector spurred on by a competitive edge over U.S. companies and vigorous Federal support. On the basis of the evidence at hand, none of these or similar developments is regarded as very likely over the 1980-1990 period.*

* However, it is advisable that the Region's Planning and Development Department periodically explore these and other possibilities and the implications for the Regional Municipality's development programme and policies.

While the rate of population and labour force growth will depend upon, inter alia, the rate of local employment opportunities, it is assumed for all scenarios that the rate of population growth remains low over the period. A rate of 0.8%-1.0% per annum is assumed. Beyond a recent marginal decline, this range reflects the modest rate of growth in the Region over the last decade and is consistent with the reduced rate of growth for Ontario and the urbanized lakeshore now expected for the 1980s. The Regional labour force is expected to grow at around 1.6%-2.0% per annum. This is a result of the low growth in the population, but carries on the pattern of higher growth in the working-age population and a trend toward a moderate increase in labour force participation rates, evident over the last decade. It is consistent with the relationship of labour force to population growth rates anticipated for Ontario over the next decade.

The first scenario may be called the "Trends Scenario". In it the Region's economy continues to expand at a modest rate; the major manufacturing base provides for few, net new jobs; the smaller, newer industries are the main source of new manufacturing jobs through a moderate growth rate (i.e. about 1.5% per annum); the tourism sector is relatively stagnant, providing a small number of new jobs; personal services expand at a moderate rate with the aging population and an increase in real incomes; business and other commercial services expand at a moderate rate with ongoing expansion in employment opportunities (e.g. 2%-3% per annum). In this development scenario there are no significant structural modifications or rapid periods of expansion or decline. The economy continues on its present course.

The second scenario might be titled "Structural Change". In this, the impact of (a) competition from Western Canada and the United States, (b) changing technologies for fuel efficiencies in the automotive sector, and (c) the age of plant and degree of obsolescence in the Region's major industries, all combine to bring about a number of close-downs, relocations and reduced levels of operation among the Region's major manufacturing industries (e.g. automotive, paper, metal fabricating). These developments lead to a significant loss in job opportunities in the latter half of the 1980s. There are many negative spin-offs as industries serving a number of the major firms lose their principal sources of business. There are also negative repercussions in the retail, personal services and other sectors as household incomes decline. There is no countervailing increase in the tourism sector, the business services sector or in the ongoing employment growth among small industries and new firms coming into the Region. These sectors, prior to the dislocation due to the decline in the major industries, are assumed to continue their expansion along current trends. This scenario is not a forecast or a prediction. It does, however, raise very real possibilities which might only be cancelled out by a combination of somewhat less likely factors, such as an inversion of the current Canadian/U.S. manufacturing wage rate ratio in favour of Canadian competitiveness, a significant difference in water and economical energy supplies, an 85¢-90¢ Canadian dollar and an aggressive, concerted and heavily funded Ontario and/or Federal industrial development programme. The scenario is a useful possibility.

TABLE 27

ESTIMATION OF POTENTIAL
JOB TARGETS - 1986 and 1991

| | 1979 | 1986 | 1991 |
|---|---|---|---|
| Population | 368,000 | 383 - 387,000 | 399 - 407,000 |
| Labour Force | 171,200 | 193 - 197,000 | 209 - 218,000 |
| Employed Labour Force | 156,000 | 181 - 185,000 | 199 - 207,000 |
| Regional Employment | 140,000 | 163 - 167,000 | 179 - 186,000 |
| New Jobs (1979+) | | 23 - 27,000 | 39 - 46,000<br>(16 - 19,000) |
| Autonomous Growth | | 8 - 9,000 | 13 - 15,000<br>(5 - 6,000) |
| Other (Part Development Targets) | | 15 - 18,000 | 26 - 27,000<br>(11 - 13,000) |

NOTE:

1. "Autonomous" growth in jobs are those jobs directly related to the growth in Regional population, estimated to average at approximately one-third of all new jobs.

2. The "Other" category contains new manufacturing employment from expansions and new industries, new jobs in business-related services and other jobs, many of which may have to be promoted.

3. Figures in parentheses indicate the 1986-91 growth.

These two scenarios represent, in our view, a useful set of realistic possibilities. In terms of the preparation of an economic development programme and the setting of management postures for the 1980s, the second scenario is the most pertinent and will be used in the preparation of programme recommendations (see the Phase 3 or Final Report). From our analysis of the Regional economy over the last two decades and our assessment of the economic prospects for Canada and Ontario through the 1980s, it is our view that Niagara's regional development programme should be prepared in the context and likelihood of:

(a) a relatively stagnant or slow growing tourism sector;

(b) a vulnerable and uncertain major industrial sector;

(c) a small manufacturing industry sector with moderate growth trends and good potential;

(d) finance, insurance and business services sectors with a moderate growth record and moderate growth potential; and

(e) personal services and retail trade sectors with slow to moderate growth expectations, but limited employment growth potential.

Job Production Requirements - Some Estimates

In order to assess the possible magnitude of job creation requirements which a regional development programme might have to address, some simple computations were completed (Table 27). The following steps were undertaken:

Step 1 Assume population growth rates in the order of 0.8%-1.0% per annum

Step 2 Assume that the Region's labour force grows at a rate of 1.6%-2.0% per annum over the period.

Step 3 Assume that the unemployment rate declines from today's high levels of 8%-9% to 6% by 1986 and 5% by 1991. This is consistent with most commentators' expectations for the trend in Ontario. To assess the sensitivity of this assumption (i.e. the effect on the size of the job creation effort), the rate may be varied.

Step 4 Once an employed labour force (resident within the Region) has been estimated, it is assumed that the number of jobs actually in the Region remains equivalent to approximately 90% of the size of the employed labour force.

Step 5 From our estimate of 140,000 jobs currently in the Region, new job growth estimates for 1979-86 and 1986-91 are made.

Step 6 From rough calculations of population-related jobs today, that growth in jobs which is autonomous (i.e. directly related to population) is calculated.

Step 7 A residual job growth estimate remains, composed of expansion jobs in the present manufacturing base, new manufacturing industries, jobs in finance and insurance and the business services sectors.

If one was to assume that new manufacturing industries would continue to come in and offer additional jobs and that business services would continue their recent rate of increase, a possible 8,000 of the 15,000-18,000 new job requirements for the 1979-86 period might be created. However, these may be heroic assumptions. It is our view that, within the principal assumptions set out above (i.e. labour force size, unemployment, jobs within the Region), the Region should adopt working targets for the job creation effort in the economic development programme, in the order of 10,000-12,000 for the 1979-86 period and 8,000-9,000 for the 1986-91 period. In the 1971-79 period it is possible that about 10,000-12,000 new jobs, unrelated to population growth, were created in the Region. With a slightly larger labour force and the key assumptions of lower (i.e. 5%-6%) unemployment rates, the

two job creation targets set out here for the 1979-86 and 1986-91 periods are realistic and achievable.

Conclusions

We would like to emphasize that in searching for new industries one should critically analyze the employment possibilities, the output projections, and the combined rankings of the industries. Some industries, which in the combined ranking may not seem too attractive, may offer growth in the sector that suits Niagara needs to the greatest degree. In addition, regional economic development programmes should never become totally pre-occupied with the glamor of competition for new, high-growth industries to the neglect and detriment of the present industrial and commercial base, even if growth prospects in the domestic base are not all that attractive.

Finally, it should be noted that our findings from this, somewhat technical assessment of the major growth opportunities in Niagara, from the macroeconomic and interregional perspectives, will be tempered and modified by hands-on surveys (personal interviews) among industries presently operating within the region, as well as among those by-passing Niagara as an investment choice (see Appendices 5 and 6 of this Report).

## 5. CONCLUSIONS

We have completed an extensive examination of the past performance and future potential of the Region of Niagara's economy. This examination has been undertaken from a considerable variety of perspectives. From this analysis a number of conclusions can be drawn, which are set out in summary form below.

1. There are approximately 140,000 jobs in Niagara today, with about 49,000 of these in the manufacturing sector. The manufacturing sector in the 1971-79 period has experienced considerable growth in employment, of over 2% per annum, largely due to new incoming and small "indigenous" industries.

2. In 1971, with the exception of Halton, the Region of Niagara had the lowest rate of job provision (i.e. an activity rate of .353) in the surrounding competitive environment. In terms of employment profiles for the competitive environment in 1979, little structural change is expected to have occurred. Niagara's rate of job provision may in fact have deteriorated.

3. In general terms, the 1971 employment profile by major industry division for Niagara was quite similar to that of Hamilton-Wentworth, Waterloo, Halton, Peel and Brant, and markedly different from that of Metropolitan Toronto, Haldimand-Norfolk, and Wellington.

4. While Niagara has an extensive manufacturing industrial base, the number of jobs per capita in Niagara is considerably below that of most competing municipalities.

5. Reflecting the importance of the tourism industry Niagara had the highest proportion of employment in 1971 in the 'accommodation and food services' sector in the competitive environment.

6. In 1971, the two strongest employment sectors of the Niagara manufacturing base were the primary metals industries and the transportation equipment industry. Other important sectors were the metal fabricating industry, paper allied industries, the non-metallic minerals industry and the chemical products industry.

7. The transportation equipment and primary metals industries are the Regions two largest manufacturing employers. However, the importance of these two industries, in terms of total manufacturing employment has been steadily decreasing. In 1961 they were responsible for 56% of all manufacturing employment, in 1971 this was 44% and it is currently (1979) about 33%.

8. Other major industries in the Region include the food and beverages industry, the tobacco products industry, clothing industries, wood industries, the furniture and fixtures industry, printing and publishing, the electrical products industry and the petroleum and coal products industry.

9. Results from the analysis of relative concentration (the location quotient analysis) and the analysis of the Region's industries' comparative performance (the shift/share analysis) yield the following summary assessment of the current employment growth record of the Region's manufacturing industries:

| Rank* | Manufacturing Industry | Assessment |
|---|---|---|
| 6 | Food and beverage | consistent growth; well situated in Region |
| - | Tobacco products | not represented in the Region to a significant level |
| 11 | Rubber products | consistent growth; regional factors increasingly favourable |
| 14 | Leather products | historical growth fluctuation; currently declining |
| 10 | Textile products | historical growth fluctuation; currently growing |
| 17 | Knitting mills | consistent decline; poorly situated in region |
| 16 | Clothing industries | historical growth fluctuation; currently growing |
| 13 | Wood industries | historical growth fluctuation; currently growing |
| 15 | Furniture and fixtures | consistent growth; well situated in Region |
| 5 | Paper-allied industries | consistent growth, regional factors increasingly favourable |
| 12 | Printing and publishing | historical growth fluctuation; currently stable |
| 2 | Primary metals | consistent decline; poorly situated in Region |
| 4 | Metal fabricating | consistent growth; regional factors increasingly favourable |
| 3 | Machinery industries | consistent growth; well situated in Region; export-oriented |
| 1 | Transportation equipment | historical growth fluctuations; currently declining |
| 7 | Electrical products | consistent growth; regional factors increasingly favourable |
| 8 | Non-metallic minerals | consistent growth; well situated in Region; export-oriented |
| - | Petroleum products | not represented in the Region to a significant degree |
| 9 | Chemical products | historical growth fluctuation; currently declining |

* In terms of 1979 employment.

10. Factors internal to the Region (e.g. quality of local management, labour costs, expansion room) appear to be much more important than the trend in national growth in determining employment growth in Niagara.

11. Niagara has been relatively successful in attracting a large number of new firms to establish themselves within the Region. The majority of new firms are in the Metal Fabricating, Wood products, Transportation Equipment and Food and Beverage industries. There is little evidence of significant diversification of the Region's manufacturing base.

12. The average size of new firms coming into Niagara has been low in terms of numbers of employees. The rate of job creation is therefore, an area of concern.

13. The value of new industrial construction in Niagara has been comparatively low for the western Central Ontario industrial area. This suggests many new firms are going into already established space.

14. The rate of absorption of industrial land indicates that growth in industrial land use is average and Niagara as a region is competitive in this aspect.

15. There is a shortage of available serviced industrial land in Niagara in terms of absolute area, location, and quality. The Region is competitive in terms of the price of serviced industrial land.

16. The rate and nature of industrial development in Niagara, as suggested by the Federal Business Development Bank activity, indicates that the Region is competitive with a number of the surrounding areas (e.g. Hamilton-Wentworth, Kitchener-Waterloo) but that as suggested by our other findings, small industrial development in Niagara is relatively capital intensive.

17. There is considerable evidence that Niagara has proven to be an attractive Region for small industries in that (a) a considerable volume of new industries have come into the area in the last decade, (b) a considerable number of new "indigenous" businesses have started up operations in the Region, and (c) approximately one-third (over 3,000 jobs) of all new manufacturing jobs in the 1971-79 period in Niagara have come from these industries.

18. There are considerable uncertainties in parts of the food processing industry in Niagara, relating directly to the decline in the processed peach industry in Ontario. The future of the tender fruit processing industry, and in part, some segments of the agricultural sector, will depend upon (a) the effects of an increasingly competitive position for Canada, and (b) the programme actions on the part of the Ontario government following submission of a Task Force Report.

19. It is estimated that much of the services sector in Niagara has recorded slow to moderate growth in the last decade. However, the finance, insurance and business services sectors appears to have experienced fairly buoyant growth in this period.

20. In our assessment, those industries with the weakest growth prospects are: textiles; electrical products; educational services; furniture and fixtures; leather goods; knitting industries; clothing industries; fishing and trapping; and dairy products. Motor vehicle parts and accessories are expected to have weak growth prospects but because of Niagara's proximity to major auto part manufacturers in Buffalo, it could experience somewhat more favourable growth.

21. The industries which we expect will have the strongest growth (based upon our employment and output projections) are: those related to air transport; railroad rolling stock; pulp, paper and allied industries; machinery (non-electrical); finance insurance and real estate; business services; alcoholic beverages; trade; and chemical industries.

22. The greater Metropolitan Buffalo area in neighbouring New York State could become a significantly greater competitor for industrial development through the 1980s.

23. Two realistic development scenarios for Niagara have been prepared. For the preparation of development policies and programmes the following "possible futures" should be adopted for remedial and developmental action:

    (a) a relatively stagnant or slow growing tourism sector;

    (b) a vulnerable and uncertain major manufacturing industry sector;

    (c) a small manufacturing industry sector with moderate growth trends and good growth potential;

    (d) finance, insurance and business services sectors with a moderate growth record and moderate growth potential; and

    (e) personal services and retail trade sectors with slow to moderate growth expectations, but limited employment growth potential.

24. The order of new job creation for Niagara in the 1980-86 and the 1986-91 periods (beyond what the market might naturally "deliver") to approach target unemployment levels of 5-6%, could be 10-12,000 and 8-9,000 respectively. These rates of new job creation are not unlike that of the 1971-79 period and are feasible with a well managed and concerted economic development programme.

# APPENDIX 2

Woods Gordon

# TOURISM DEVELOPMENT IN THE NIAGARA REGION
# PROSPECTS AND POTENTIAL

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# TOURISM DEVELOPMENT IN THE NIAGARA REGION: PROSPECTS AND POTENTIAL

## INTRODUCTION

The Niagara Region is one of the most plentifully endowed tourist areas in Canada. It offers a tremendous array of natural, historic and commercial attractions to the visitor, and has attained world prominance as a scenic vacation area. The tourism industry is a relatively large employer in the area, both directly (e.g. jobs in the accommodation and food industry) and indirectly (e.g. jobs in businesses that provide support services to hotels and motels). Since tourism is such an important part of the economic base of the area, it warrants separate examination in an overall economic development strategy for the Region.

This Appendix contains our assessment of the potential for tourism development in the Region, and a preliminary examination of the objectives and thrust of Tourism Development Strategies.

This is based upon our review of readily available statistics and literature and our interviews with key public agencies and private operators concerned with tourism in the Niagara Region. The purpose of this examination is threefold:

(1) To understand the present structure of tourism and related services provision in the Region;

(2) To assess the potential for development of tourism opportunities in the Region; and

(3) To explore the appropriate roles for the Province of Ontario, the Regional Municipality of Niagara, the various Area Municipalities, and the private sector in a strategy for the development of the Region's tourism potential.

This examination is by no means all-encompassing. However, we believe that within the time and resources available the range of interviews and the examination of a great number of documents have provided us with important insights into Niagara's prospects and potential in the area of tourism and related industries. A list of the various persons and agencies interviewed, either by means of a telephone or personal discussion, can be found in Exhibit 2 at the end of this Appendix.

It should be emphasized that it was not within Woods, Gordon's immediate terms of reference to produce a comprehensive development strategy for the tourism sector in the Region, and thus the present document should be regarded only as the preliminary groundwork to such a strategy. As the formulation of development strategies is to take place after Phase II of this study, the present document addresses only purposes 1 and 2 mentioned above.

Also note that in this assessment our concern lies with tourism, rather than with the provision of culture or recreation opportunities for local residents. Although there is a significant overlap between the two, we have approached this assessment only with regard to tourism.

## 1. PRESENT STRUCTURE OF TOURISM IN THE REGION

### 1.1 PROVISION OF TOURISM OPPORTUNITIES

Several previous studies have examined the provision of tourism opportunities in isolated geographical areas within the Region of Niagara. Relatively rare, however, are assessments which have been made on a Region-wide basis. One recent study which did so was Tourism Development in Ontario, A Framework for Opportunity, a study prepared in

1976 for the Ontario Ministry of Industry and Tourism by Balmer, Crapo and Associates Inc. In their assessment of tourism opportunities offered in what they defined as the 'Niagara-Brantford Zone',* they stated:

> "This zone offers an outstanding concentration of provincially significant natural and man-made attractions and numerous events. Niagara Falls is the regional focal point, around which a large number of other attractions and events gravitate (i.e. parks, historic sites, and amusements). The other man-made developments situated within Niagara-Brantford centre on historic, cultural, ethnic, industrial and natural features. Events and festivals focus on similar themes. Both attractions and events are clustered around the zone's service centres (Niagara-on-the-Lake, St. Catharines, Hamilton and Brantford) and along the Lake Erie shoreline between Fort Erie and Port Colbourne. The supportive infrastructure in most centres is year-round in nature. Only along the Lake-Erie shoreline is the existing tourism plan highly seasonal. Both the agricultural interior and the Lake Ontario shoreline are relatively undeveloped from a tourism perspective.
>
> Throughout the year this zone is readily accessible from major Ontario and U.S. population concentrations. Although auto travel is the most popular mode of transportation to the zone, entry can also be gained via bus, rail, air and boat."

The present analysis examines the provision of tourism opportunities in the Niagara Region from a more detailed perspective, looking at the opportunities in the Region.

There are six sectors which are involved in the provision of tourism opportunities within the Region of Niagara. These are:

1) the Federal government and its agencies;
2) the Provincial government and its agencies;
3) the Regional Municipality;
4) the twelve Area Municipalities;
5) private business and industry; and
6) private citizens and citizen groups.

The following section describes the structure and operations of the various groups and agencies that are involved in the provision of tourism and tourism-related facilities and services. For convenience, these are divided into the public provision of tourism

---

* Including the Regional Municipalities of Hamilton-Wentworth and Niagara and the County of Brant.

(i.e. tourism opportunities supplied primarily by some level of government) and private provision of tourism opportunities.

### 1.1.1 PUBLIC PROVISION OF TOURISM OPPORTUNITIES

#### Parks Canada

The role of Parks Canada, now under the authority of the Federal Ministry of Natural Resources, in the Niagara Peninsula, is primarily concerned with the maintenance of historical resources in the area. Their general objective in this respect is "to encourage public understanding of Canada's historical heritage by commemorating persons, places and events of national historic significance with plaques, monuments, or by other means funded by cost-sharing agreements.*

Generally, cost-sharing agreements and cooperation take the following form:

> "2.3.3 Cost-Sharing Agreements
>
> 2.3.3.1
>
> Parks Canada may provide financial and technical assistance to municipal and provincial governments as well as private non-profit organizations, e.g. local historical societies, to acquire and restore structures of national historic significance which deserve more than a commemorative plaque, but which do not warrant acquisition by Parks Canada as a national historic park.
>
> 2.3.3.2
>
> Cost-sharing agreements will be considered:
>
> i) where there are existing historic resources which are not adequately protected;
>
> ii) where there is a local organization which is willing to share the costs of acquisition and protection and to undertake continuing operation; and
>
> iii) where the planned use of the preserved historic structure is appropriate.

---

* From Parks Canada Policy, Parks Canada, Ottawa, 1979.
2.4 Co-operation

2.4.1

Parks Canada will co-operate with provincial and territorial governments and other agencies responsible for commemorative historic plaques to avoid unnecessary duplication.

2.4.2

Parks Canada will co-operate with local, provincial and territorial governments and other interested groups, including local historical societies, in making arrangements for formal ceremonies to unveil a plaque or monument."*

The major sites presently owned and maintained by Parks Canada are Fort George, Butler's Barracks, Fort Mississauga, the Commons area, Navy Hall, Evanston Heights, and Navy Island. Long-range development plans, outlined in the report Development Concept - The Niagara Region National Historic Sites,** are aimed at giving Canadians an appreciation and understanding of the military presence along the Niagara frontier during the early 19th century, and the influence this had in determining the border between British North America and the United States. In this respect, a two-phase development plan was proposed, Phase I (1976-1982) dealing primarily with the restoration and development of Butler's Barracks, Fort Mississauga and Brock's Monument, the re-acquiring of the Commissariat Building in Niagara-on-the-Lake, the relocation of the Niagara-on-the-Lake Golf Club; and Phase II, (Post 1982) with the restoration of Navy Hall in Niagara-on-the-Lake, the preservation of Navy Island's natural features, and the possible acquisition of additional land at Lundy's Lane.

---

* Parks Canada, op. cit., p. 23.

** Parks Canada, Ontario Region, Planning and Development Division, July 1976.

Other recent developments include the relocation of the Parks Canada local offices into the Courthouse in Niagara-on-the-Lake, the development of walking tours in the Queenston Heights area, and investigation of multiple use options for various parcels of land related to the Welland Canal operations, which are currently held by the Department of Public Works.

In Parks Canada's view, those developments will be beneficial to the Region in both a social and economic sense. For instance, the developments in Niagara-on-the-Lake are estimated to have a significant positive economic impact upon The Town, in two ways:

- employment of Town residents in tourist-related businesses (estimated to be a maximum of 80 man-years of additional employment per annum), and
- purchase of goods and services offered in the Town by tourists* (estimated to be a maximum of $706,000 per annum).

In addition, these direct benefits generate secondary benefits which are expected to filter throughout the Region.

Niagara Parks Commission

The Niagara Parks Commission is responsible for the maintenance and development of the Niagara Parks System, an integrated series of parks (comprising some 2,800 acres in all) stretching the length of the Niagara River. The Commission is a self-funding body, deriving approximately 75% of its revenue from commercial facilities located in the Parks System, and 25% from various water-drawing rights (a provision dating back to the Queen Victoria-Niagara Fall Park Act of 1887). Their total operating budget is in the order of $8 million

* See The Economic Impact of Tourism Development Proposals in Niagara-on-the-Lake, Summary of Findings, Parks Canada, Ontario Region, 1978.

dollars annually, and they employ approximately 240 permanent and 1,150 summer seasonal, staff.

The specific services offered by the Commission include the provision of all tourist services, with the exception of hotel/motel operations, within the parks system. Free services offered include picnic areas, nature trails, boat launching, band concerts, and the maintenance of the Niagara Parkway, a scenic drive along the length of the river. No entry fee is charged into the parks. One of their chief objectives is to preserve the public access to the resources of the river.

The Commission is a separate body from Parks Canada, and operates independently, yet in cooperation with it. The Commission also cooperates with the Niagara School of Horticulture, Ontario Hydro, the Niagara Resort and Tourist Association, and the Niagara Region Tourist Council.

Development plans include the removal of roadside parking in the Queen Victoria Park in order to speed up the traffic flow and remove congestion by the Falls and through the development of a large parking lot to the south. Long-range development plans are for a winter-oriented program, the development of package tours, a generally more "organized" use of the park system's facilities, and the development of a more sophisticated and efficient transportation system in the vicinity of the Falls.

Niagara Peninsula Conservation Authority

This body is primarily concerned with protecting the area's natural resources and providing regional recreational facilities

catering to the needs of residents and visitors. The major conservation areas administered by this body are Binbrook, Ball's Falls, Chippawa Creek, and Long Beach. These are the largest holdings of the Niagara Peninsula Conservation Authority, and are 'gated' (i.e. an entrance fee is charged) in the summertime. The various facilities offered by these conservation areas are listed as follows:

| Conservation Area | Acreage | No. of Parking Spots | No. of Campsites | Swimming Facilities | Boat Launching | Walking Trails | Interpretation Programmes |
|---|---|---|---|---|---|---|---|
| Binbrook | 976 | 600 | 70 | Yes | Yes | No | No |
| Chippawa Creek | 366 | 200 | 106 | Yes | Yes | 1.5 miles | Yes |
| Long Beach | 140 | 800 | 300 | Yes | Yes | No | No |
| Ball's Falls | 214 | 150 | 70 | No | No | 1 mile | Yes |

In addition to these, the Conservation Authority maintains 24 other properties throughout its jurisdiction. Among the most attractive of these are the newly-opened Woodend (90 acres) which will be a visitor centre for school children, and which will be opened to the general public in the summer of 1980, and St. Johns, which is a popular fishing and hiking area. These other properties do not charge gate fees.

Ontario Ministry of Natural Resources

The Ontario Ministry of Natural Resources maintains one operational Provincial Park in the Niagara Region. Rock Point Provincial Park, located on Lake Erie near Port Colborne, presently offers 47 campsites with associated swimming, boat launching and day use facilities. The Park is 244 acres in area. In 1977 (the most recent year for which statistics are available) some 54,531 visitors entered

the Park. Of this number, 5,783 (11%) were campers. The average length of stay in the Park for these campers was 1.6 nights, well below the provincial average of 2.5 nights. The average percentage occupancy in July and August of campsites was only 41%. Clearly this Park is not being utilized to its fullest extent.

This park is in the process of undergoing extensive redevelopment, which is now about three-quarters complete. The completion of this redevelopment is expected within the next five years, at which time the Park will offer a greater number of campsites, many with hydro hookups, and improved beach and day-use areas.

In addition to Rock Hills Provincial Park, the Ministry maintains the Short Hills Provincial Park Reserve. While not a fully operational Provincial Park at the present time, it is expected that within the next ten years it will be, offering camping facilities, extensive day-use areas and a scenic waterfall area. The general development concept is that of a non-vehicular park, offering instead extensive walking and hiking trails. At present, while the Park Reserve is generally not open to organized activity, it does provide cross-country and snowmobile trails in the winter, and is open to individual day-use in the summer.

Ministry of Industry and Tourism

The Ontario Ministry of Industry and Tourism's Division of Tourism has several branches responsible for the development and promotion of tourism and tourism-related activities in Ontario. In the main, these are the Tourism Operations Branch, responsible for municipal liaison and the general increase in efficiency of tourism organizations,

the Ontario Travel Association (OTAP), responsible for the administration of the 12 regional travel associations; the Tourism Development Branch, responsible for the improvement of existing services and facilities and the development of additional services and facilities; and the Tourism Marketing Branch, responsible for the maintenance of travel information centres, and the development of advertising strategies and campaigns.

The Tourism Operations Branch serves the Regional Municipality of Niagara through the St. Catharines office. The purposes of this branch are to stimulate additional tourist development and employment in the area, encourage the improvement and expansion of facilities, and to increase the general efficiency of tourism organizations.

The Ontario Travel Association Program serves the Region through the Niagara and Mid-Western Travel Association, better known as "Festival Country". In addition to Regional Niagara, "Festival Country" serves the counties and Regional Municipalities of Brant, Dufferin, Haldimand-Norfolk, Halton, Hamilton-Wentworth, Waterloo and Wellington. Under this arrangement, "Festival Country" is eligible for funding under the terms of the Ontario Travel Association Program (OTAP), which provides for an outright $35,000 administrative grant and $50,000 in cost-sharing monies for programming purposes. (This cost-sharing is determined on the basis of a 50% contribution from the Ministry for approved programs.)

"Festival Country" plays a major role in facilitating and promoting the various festivals and special events hosted in the Niagara Peninsula. For the current season, these are:

- Blossom Festival (April, May) - held in Niagara Falls and the Fruit Belt area
- Victoria Day Festival (Victoria Day Weekend) - Fort Erie
- Shaw Festival (May - September) - Niagara-on-the-Lake
- Virgil Stampede (May) - Virgil
- Folk Arts Festival (May, June) - St. Catharines
- Canadian School Boy Rowing Championships (June) - St. Catharines
- Canada Week Festivities (June - July) - Grimsby
- Canada Day Celebrations (June - July) - Niagara-on-the-Lake
- Port Colborne International Week (July) - Port Colborne
- Alpfest (August) - Crystal Beach
- Royal Canadian Henley Regatta (August) - Port Dalhousie
- Peach Festival (August) - Niagara-on-the-Lake, Niagara Falls, Vineland
- Smithville Fall Fair (August, September) - Smithville
- Lincoln County Fair (September) - Beamsville
- Niagara Grape and Wine Festival (September) - St. Catharines
- Wainfleet Fall Fair (September) - Wainfleet
- Thanksgiving Festival and Craft Show (Thanksgiving Weekend) - Ball's Falls Conservation Area
- Harvest Festival (October) - Niagara Falls
- Art Show (October) - Niagara Falls
- Winter Festival (3 weekends in January) - Niagara Falls
- Jordan Winter Carnival (February) - Ball's Falls Conservation Area
- Chinese New Year Celebration (February) - Fort Erie
- Grimsby Skating Carnival (February) - Grimsby
- Maple Syrup Festival (March) - Vineland

At the present time, there is some feeling that the Regional Municipality of Niagara, with the greatest share of tourism-related resources, does not get an equitable proportion of the Festival Country funding.

The Tourism Operations Branch operating in the Region sees its role as primarily an advocacy one. Their mandate is essentially to promote the development of existing and new tourist-related facilities and services in the Region. They are presently assisting various hotel/motel operators in taking advantage of various government programs to update their current facilities. The Niagara Office sees a great potential for development in the Region, especially with regard to the further integration of tourism facilities and increasing the length of stay of the average visitor.

The Tourism Marketing Branch, in accord with its mandate of publicity, operates a tourism information centre at the Rainbow Bridge in Niagara Falls. This centre carries the full complement of publicity materials concerning the Regional Municipality of Niagara, as well as information on the rest of Ontario. The Ministry is presently constructing another information centre (estimated cost: $350,000) in Fort Erie, at the end of the Peace Bridge.

Regional Niagara Tourist Council (RNTC)

The RNTC is funded by the Regional Municipality of Niagara, and consists of one professional with office support. The Council is governed by an Executive Committee of eight members who are elected by a majority vote at the Annual Meeting of the Council and represent the geographical area of the following municipalities:

| | |
|---|---|
| Niagara Falls | One Representative |
| St. Catharines | One Representative |
| Welland | One Representative |
| Niagara-on-the-Lake | One Representative |
| Port Colborne, Wainfleet | One Representative |
| Fort Erie | One Representative |
| Thorold, Grimsby, Lincoln, Pelham and West Lincoln | One Representative |
| Regional Municipality of Niagara | One Representative |

The annual operating budget of the RNTC is approximately $50,000.

The RNTC exists to promote the tourism-related assets of the Region. In this regard, its primary activities are:

1. to provide monthly listing of events and happenings in the Region of Niagara.

2. the seasonal operation of Tourist Information Centres.

3. the promotion of events and attractions throughout the Region of Niagara by mass brochure publication and dissemination.

4. sponsoring audiovisual presentations on points of interest throughout the Niagara Region.

5. liaison with organizations and government bodies.

6. the provision, in co-operation with the Ministry of Agriculture and Food, of public toilet facilities at the Grimsby Fruit Stand during the peak tourist season.

7. the maintenance of information booths at major events.

8. holding training programs for Tourist Counsellors and other persons involved in service to the tourist industry.

9. providing press releases for the promotion of special events.

10. assistance in the organization and promotion of conventions and conferences within the Niagara Region.

11. answering telephone and mail inquiries.

12. providing information and facts to the media.

Niagara Escarpment Commission

The Niagara Escarpment Commission has legislative authority to control development along the Niagara Escarpment from Tobermory in the north to Niagara Falls in the south. Under the Niagara Escarpment Planning and Development Act (1973) the NEC has the authority to review all development proposals on lands under its control. The broad goal of the Commission is to preserve the Niagara Escarpment as natural parkland. A system of parks providing for a variety of recreational activities has been established through the interconnection of 160 individual parks. Within the Niagara Region, eleven individual conservation areas including lands under the jurisdiction of the Niagara Parks Commission are subject to the Escarpment Commissions Control. A Draft Plan for the area has recently been proposed which establishes recreational uses for an area coinciding with the physical escarpment,

an area which is substantially smaller than that which the Commission has actual legal authority over.

The system of parks in the Niagara Region is connected by a scenic drive system and the Bruce Trail. Although it was the original intention of the Commission to expropriate lands for the Bruce Trail right-of-way, the existing legal arrangement is somewhat more tenuous, with agreements being required from individual property owners for the Bruce Trail right-of-way. From a regional perspective, the Bruce Trail, its relation to the parks, and the scenic drive system provide a natural recreation attraction which could contribute to an overall Regional recreation and tourism strategy for the Niagara Region.

### 1.1.2 PRIVATE PROVISION OF TOURISM OPPORTUNITIES

#### Hotels/Motels

The following chart outlines the current provision of hotel and motel-type accommodation in the Region:

| Location | Number of Establishments | Number of Rooms or Cottages | Average Rooms/ Establishment |
|---|---|---|---|
| Crystal Beach | 5 | 66 | 13.2 |
| Fort Erie | 13 | 282 | 21.7 |
| Grimsby | 5 | 109 | 21.8 |
| Jordan Station | 1 | 60 | 60.0 |
| Port Colborne | 7 | 104 | 14.9 |
| Niagara Falls | 152 | 7,185 | 47.3 |
| Niagara-on-the-Lake | 6 | 180 | 30.0 |
| St. Catharines | 15 | 912 | 60.8 |
| Thorold | 1 | 24 | 24.0 |
| Vineland | 1 | 100 | 100.0 |
| Wainfleet | 2 | 20 | 10.0 |
| Welland | 6 | 144 | 24.0 |
| Total | 214 | 9,186 | 42.9 |

Source: Ontario Ministry of Industry and Tourism, Ontario/Canada Accommodations 1979.

As the chart shows, Niagara Falls is by far the largest provider of hotel and motel accommodation, with 152 of the 214 establishments (71%) in the Region, and 7,185 of the 9,186 rooms and cottages (78%) in the Region. The average size of establishment in Niagara Falls is also slightly larger than in the Region as a whole.

Campgrounds

The following table outlines the provision of private campground facilities (as opposed to the public provision of campgrounds found in conservation areas and Provincial Parks) in the Region:

| Location | Number of Establishments | Number of Sites | Average Sites/ Establishments |
|---|---|---|---|
| Fort Erie | 3 | 400 | 133.3 |
| Grimsby | 1 | 60 | 60.0 |
| Jordan | 1 | 70 | 70.0 |
| Niagara Falls | 12 | 2,298 | 191.5 |
| Port Colborne | 5 | 5,400 | 1,080.0 |
| St. Catharines | 2 | 358 | 179.0 |
| Vineland | 1 | 80 | 80.0 |
| Total | 25 | 8,666 | 346.6 |

Source: Ontario Ministry of Industry and Tourism, Ontario/Canada Camping 1979.

Again, Niagara Falls leads with 12 private campgrounds, almost half of all private campgrounds in the Region. The number of sites in the Port Colborne area is considerably boosted by the Sherkston Beaches Campground, which boasts some 5,000 campsites.

Niagara Resort and Tourist Association (NRTA)

The NRTA is an organization of hotel, motel and tourist attraction operators in the City of Niagara Falls. Their primary mandate is the promotion of the City of Niagara Falls, but they do

occasionally promote the other assets of the Region in connection with this, including media advertisements in the U.S. and Canada. In addition to publishing and distributing literature, the Association maintains information racks in each of the hotels, motels and other attractions, and ensures that these are refilled periodically. Their operating budget is in the order of $500,000 per annum.

Some of the members of this association have recently expressed some concern over the apparent policy of the Niagara Parks Commission to establish a large parking lot to the south of the Falls, to relieve congestion near the Falls itself and in the Clifton Hill area. Their concern lies in their fear that this will act to channel visitors away from the Clifton Hill area, and thus may have an adverse economic impact upon their operations. In their view, a certain amount of congestion near and around the Falls is a desirable feature, as it allows people the time to look around them and see the various attractions offered. In short, they think that an efficient transportation system in the Falls area may not be a totally desirable end. Obviously, this concern should be addressed in tourism development strategies for the Region.

Welland Canals Preservation Association (WCPA)

The WCPA is a citizen's group which receives some public support from the City of St. Catharines and the Province of Ontario (in the form of Wintario grants and Neighbourhood Improvement Program (NIP) funds). The purpose of this group is threefold:

1) to preserve the traces of the old first, second and third Welland Canals;

2) to increase public awareness of the historical significance of the canals in the development of the Niagara Peninsula; and

3) to promote the development of a linear park system (with an associated bike path) following the route of the old second canal.

At present, the group is concerned with developing the linear parks system just in the City of St. Catharines, but hopes ultimately to encourage the continuation of the Parks system down through Thorold and Welland to Port Colborne on Lake Erie.

The estimated cost of the construction of the park and bike trail in St. Catharines is in the order of 1 million dollars, of which $50,000 is expected to come from the City, $63,000 from Canada Works Grants, and $25,000 from N.I.P. The balance is expected to come from donated labour (the John Howard Society and the Niagara Detention Society have pledged to give $450,000 worth of free labour from the detention centre inmates) and other community contributions.

The proposed park and bikeway trail has been assessed in light of existing government policies and appears to fit in well with the Regional Niagara Policy Plan, the Official Plan of the City of St. Catharines, and Ontario Hydro's multi-use informal policy.*

Shaw Festival

The Shaw Festival in Niagara-on-the-Lake has been operating continuously since 1962, with the opening of its new theatre in 1973 in Southern Ontario. In addition, it began offering a winter programme several years ago which catered primarily to local residents.

* See A Proposal Bikeway Trail Network for the Old Welland Canals Area in the City of St. Catharines, Draft, Welland Canals Preservation Association, 1978.

Recently, the Festival has encountered some problems which have caused it to re-think its general policy. Despite recent expansions in some hotels, accommodation in the area during the height of the season has always been very tight, resulting in some potential patrons being lost. In addition, an anti-development attitude on the part of some interests in the community appears to be inimical to the development of further accommodation facilities. This has resulted in a definite "people orientation" policy, in an attempt to continue the pace of audience development while at the same time not arousing the displeasure of some local merchants.

This "people orientation" is currently taking the form of exploration into such ventures as "package deals" with the Maple Leaf Village Complex, in order to provide popular accommodation to the playgoers. The tentative arrangement is that people would be bused from Niagara Falls, to the Festival for the play, then back again in the evening.

The management of the Shaw Festival shows every indication of pursuing this kind of policy into the future. This, then, could provide a key element in the further integration of tourism opportunities.

Other Private Tourist Opportunities

Other important tourist attractions in the Niagara Region that have not been specifically examined in this Appendix include:

- Marineland and Game Farm
- Crystal Beach Amusement Park
- Fort Erie Race Track
- Gilbert and Sullivan Theatre (Fort Erie)
- Tivoli Miniature World
- Niagara Region Winery Tours
- Pyramid Place

Many smaller operators have also not been specifically examined in this assessment. While this was inevitable, given the resources allocated to this section of the study, we do not feel that these omissions in any way jeopardize our assessment of the prospects and potential for tourism development within the Region.

## 1.2 TOURIST RESPONSE

### 1.2.1 STRUCTURE OF TOURIST VISITATION IN ONTARIO

The following table shows the total number of person-visits for the various tourism regions in Ontario. This information, from a province-wide survey undertaken in 1973, was taken from the publication Ontario Statistics 1977 - Volume 1, Economic Series, published by the Ontario Ministry of Treasury, Economics and Intergovernmental Affairs.

## NUMBER OF PERSON-VISITS BY VACATION AREA AND ORIGIN, ONTARIO, 1973[1]

| Vacation Area | Number of Person-Visits ('000) by Source | | | | |
|---|---|---|---|---|---|
| | Ontario | United States | Other Canadian Provinces | Total | Percent |
| Kent-Essex | 2,186 | 7,424 | 291 | 9,901 | 10.6% |
| Lambton-Sarnia | 1,233 | 1,189 | 77 | 2,499 | 2.7 |
| Central Erie | 5,235 | 359 | 116 | 5,710 | 6.1 |
| Mid-Western | 5,289 | 240 | 135 | 5,664 | 6.0 |
| Niagara-Iroquoia[2] | 7,719 | 7,618 | 989 | 16,326 | 17.4 |
| Metropolitan Toronto | 11,951 | 2,234 | 1,502 | 15,687 | 16.7 |
| Huronia-Lake Simcoe | 3,783 | 150 | 271 | 4,204 | 4.5 |
| Kawartha Lakes | 2,927 | 108 | 77 | 3,112 | 3.3 |
| Great Pine Ridge | 1,148 | 45 | 29 | 1,222 | 1.3 |
| Bay of Quinte | 1,209 | 70 | 68 | 1,347 | 1.4 |
| Hastings-Land O'Lakes | 328 | 16 | 29 | 373 | 0.4 |
| Rideau Lakes - 1,000 Islands | 1,603 | 825 | 1,104 | 3,532 | 3.8 |
| Seaway Valley | 868 | 410 | 1,162 | 2,440 | 2.6 |
| Lower Ottawa Valley | 2,326 | 257 | 1,715 | 4,298 | 4.6 |
| Upper Ottawa Valley | 1,045 | 39 | 48 | 1,132 | 1.2 |
| Madawaska Valley | 376 | 8 | 9 | 393 | 0.4 |
| Haliburton | 662 | 37 | 9 | 708 | 0.8 |
| Muskoka | 1,949 | 87 | 106 | 2,142 | 2.3 |
| Grey-Bruce | 2,587 | 87 | 29 | 2,703 | 2.9 |
| Parry Sound-Georgian Bay | 601 | 117 | 68 | 786 | 0.8 |
| Algonquin Park | 340 | 2 | 126 | 468 | 0.5 |
| Nipissing | 662 | 133 | 58 | 853 | 0.9 |
| Sudbury | 771 | 32 | 97 | 900 | 1.0 |
| Manitoulin | 121 | 38 | 39 | 198 | 0.2 |
| Algoma | 1,646 | 777 | 242 | 2,665 | 2.8 |
| Golden Route-101 | 541 | 12 | 9 | 562 | 0.6 |
| Timiskaming | 437 | 14 | - | 451 | 0.5 |
| James Bay Frontier | 109 | 20 | 19 | 148 | 0.2 |
| Upper Lake Superior | 911 | 99 | 301 | 1,311 | 1.4 |
| Rainy River | 55 | 524 | 87 | 666 | 0.7 |
| Lake of the Woods | 55 | 161 | 814 | 1,030 | 1.1 |
| Patricia | 55 | 166 | 68 | 289 | 0.3 |
| Total Province | 60,728 | 23,298 | 9,694 | 93,720 | 100.0% |

1. Total number does not include 656,324 person-visits from foreign countries other than the United States, as allocation of some by Vacation Area is not possible.
2. Defined as the Regional Municipality of Niagara plus Hamilton-Wentworth and Brant.

As the table shows, the Niagara-Iroquoia tourism region is the most popular in Ontario, receiving 17.4% of total tourism in the province. While we expect that the Niagara Region still attracts a high relative level of tourism, there may have been some structural change in terms of the origins of tourists. At the time of the survey, the number of person-visits from Ontario roughly equalled the number from the U.S.A. While there appear to be no later comparable figures to those presented in the table, it is generally felt that the number of U.S. tourists in Canada has declined in recent years. (To some extent, this is substantiated by port-of-entry statistics collected by Statistics Canada.) This being the case, it is our view that the Ontario tourist may be accounting for a larger proportion of total tourist visitation to the Region. (On the other hand, though, there is some evidence that the Region is becoming increasingly attractive to the international visitor. The precise degree to which this offsets any decline in tourism from the U.S. is, however, uncertain.)

In terms of the origin of U.S. visitors, indications show that the Region has a fairly localized draw. Information from a 1978 survey undertaken by the Niagara Resort and Tourist Association (entitled Niagara Falls Market Research Study) suggests that most U.S. visitors are from the States of Michigan, Pennsylvania and New York.* This information is critical when considering promotion schemes for strategies designed to bolster tourism in the area.

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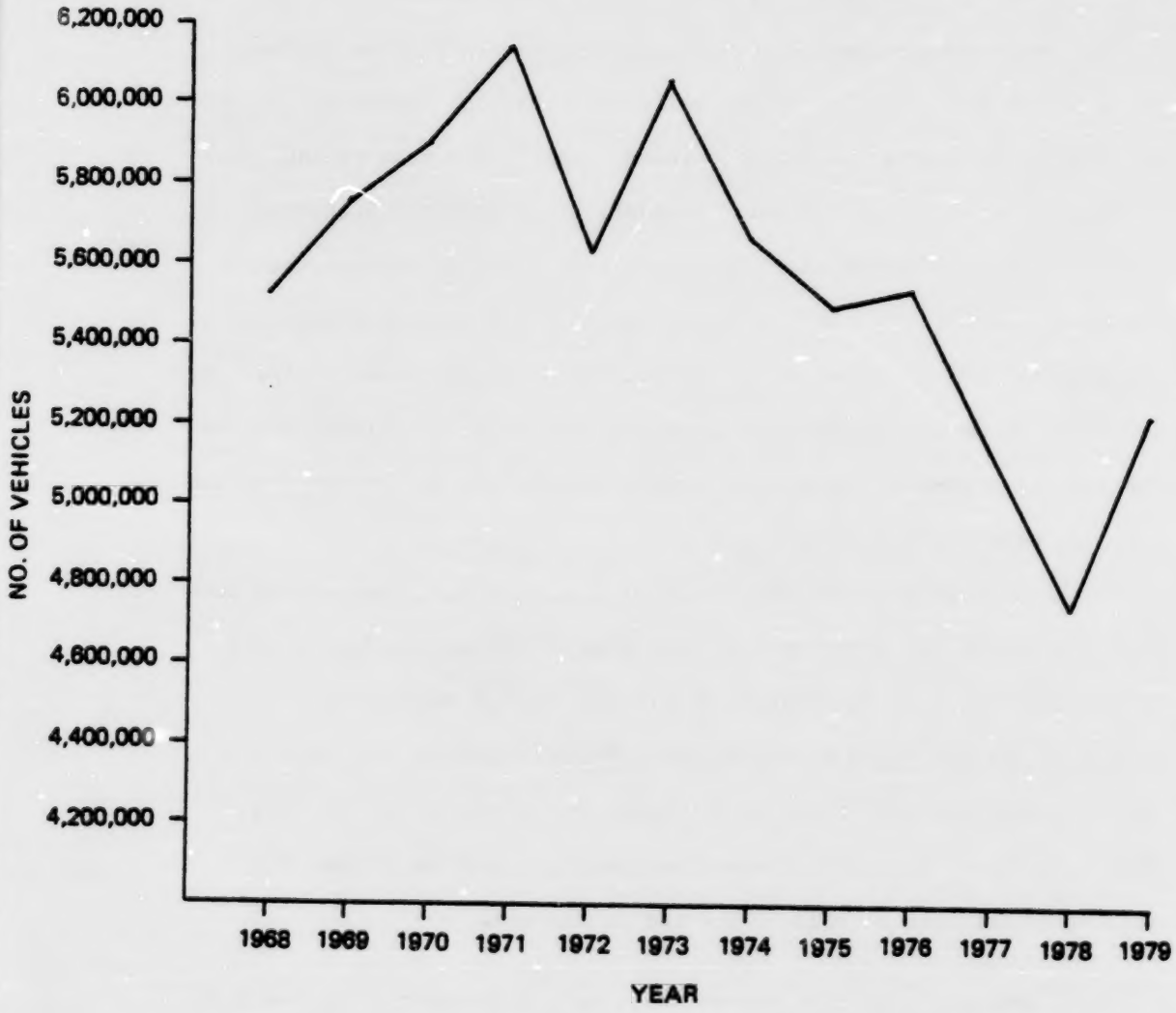
* Note, however, that this survey dealt only with visitors to the City of Niagara Falls. In the absence of tourist statistics dealing with the Region, though, this data has been used to indicate overall trends.

## TOTAL TRAFFIC ENCOUNTERED IN THE NIAGARA PARK SYSTEM



## 1.2.2 RECENT TRENDS IN VISITATION IN REGIONAL NIAGARA

Recent trends indicate that growth in tourism in the Niagara Region has stabilized and even declined slightly in recent years. The following table shows the total estimated traffic in the Niagara Parks System, as reported by the Ontario Ministry of Natural Resources.*

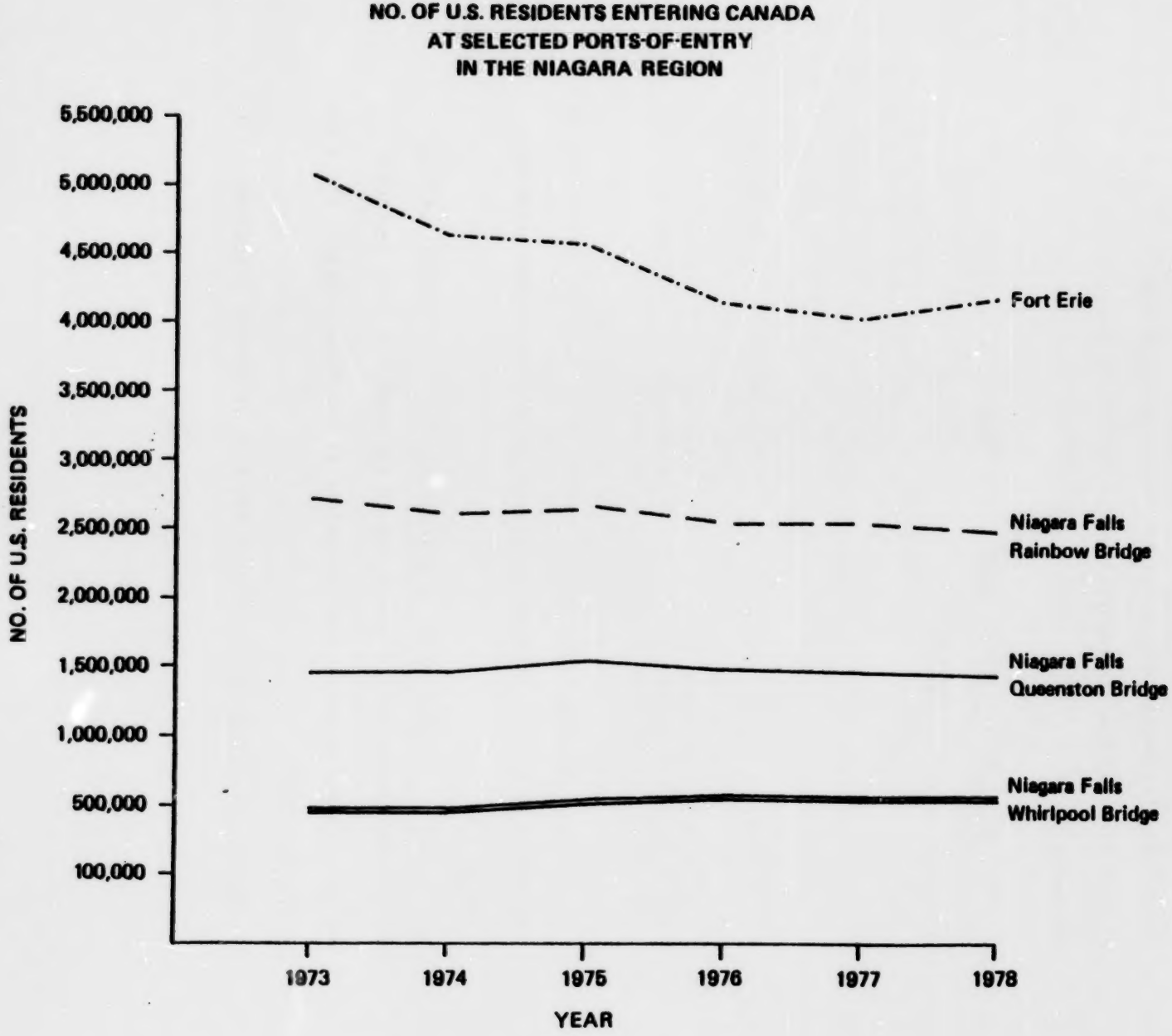
Total Traffic Encountered in the Niagara Parks System

| Year | Vehicles |
|---|---|
| 1979 | 5,263,695 |
| 1978 | 4,767,476 |
| 1977 | 5,155,317 |
| 1976 | 5,540,310 |
| 1975 | 5,495,143 |
| 1974 | 5,677,179 |
| 1973 | 6,056,326 |
| 1972 | 5,619,928 |
| 1971 | 6,152,189 |
| 1970 | 5,901,252 |
| 1969 | 5,757,515 |
| 1968 | 5,533,852 |

As the table shows, visitation in the past three years in the period April 1 to October 31 has been lower than in any other year back to 1968.

Other traffic data indicates this same general pattern. Statistics Canada figures pertaining to the number of U.S. residents entering Canada at major crossing points in the Niagara Region yield the following data:

* Ontario Park Statistics, Ontario Ministry of Natural Resources, 1979.


NO. OF U.S. RESIDENTS ENTERING CANADA
AT SELECTED PORTS-OF-ENTRY
IN THE NIAGARA REGION
NO. OF U.S. RESIDENTS
5,500,000
5,000,000
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
100,000
1973
1974
1975
1976
1977
1978
YEAR
Fort Erie
Niagara Falls
Rainbow Bridge
Niagara Falls
Queenston Bridge
Niagara Falls
Whirlpool Bridge

| Year | Ports-of-Entry | | | |
|---|---|---|---|---|
| | Fort Erie | Niagara Falls Queenston Bridge | Niagara Falls Rainbow Bridge | Niagara Falls Whirlpool Bridge |
| 1973 | 5,078,104 | 1,447,640 | 2,700,877 | 561,280 |
| 1974 | 4,637,768 | 1,451,077 | 2,611,059 | 553,898 |
| 1975 | 4,568,216 | 1,526,166 | 2,663,127 | 558,296 |
| 1976 | 4,130,862 | 1,492,437 | 2,525,114 | 512,303 |
| 1977 | 4,021,135 | 1,465,435 | 2,513,077 | 479,553 |
| 1978 | 4,185,154 | 1,451,207 | 2,496,812 | 472,812 |
| % change 1973-78 | -17.6 | +.2 | -7.6 | -15.8 |

Source: Statistics Canada, Catalogue 66-001, Travel Between Canada, the United States and Other Countries.

Clearly, this data indicates a general decrease in the number of U.S. residents entering Canada (for whatever reason) via the major ports-of-entry in the Niagara Region.

It is interesting to note, in this regard, that the number of U.S. residents entering the Region by bus has been increasing in percentage terms, as the following table shows:

| Port-of-Entry | % Crossing by Bus | |
|---|---|---|
| | 1973 | 1978 |
| Niagara Falls - Queenston Bridge | 5.7% | 6.5% |
| Niagara Falls - Rainbow Bridge | 6.6 | 7.4 |
| Niagara Falls - Whirlpool Bridge | .9 | 2.2 |

This may indicate that bus tours are becoming increasingly popular as costs of private transportation increase.

Other evidence collected by the Ontario Ministry of Industry and Tourism indicates that tourism in the area may be stabilizing or even declining. A recent telphone survey done by the Research Branch of the Ministry shows that attendance at several

attractions in Niagara Falls was substantially lower in the 1979 season than in the 1978 one, as the following table illustrates:

| Attraction | Attendance Decline (1979 over 1978) |
|---|---|
| - Maid of the Mist | -15% |
| - Skylon Tower | -10% |
| - Rainbow Tower Carillon | -9% |

In our view, this pattern is generally representative of not only the Region, but all of Southern Ontario. We suspect that a large part of this is due to increased gasoline prices and gas line-ups. The implications of these trends are that the Niagara Region's market area may be shrinking, and that tourism development strategies should perhaps concentrate intensively upon the area within a certain radius of the Region, rather than extensively upon markets that are further away.

Another problem in the Niagara Region is the relatively short length of stay for the average visitor. The previously mentioned Niagara Falls Market Research Study indicated that 60% of all visitors had been in Niagara Falls for one day or less without staying overnight. Further, the Shaw Festival Survey, undertaken by the Ministry of Industry and Tourism in 1973, indicated that 69.9% of the visitors to the Festival did not stay overnight in the Niagara Region. This information accords with the general perception on the part of the interviewees that the average length of stay in the Region is less than one day. Clearly, this factor is one that must be addressed in tourism development strategy.

The Niagara Falls Market Research Study indicated that some 36% of all visitors to Niagara Falls would consider returning in

the winter if suitable attractions were offered. This constitutes a fairly large market potential which should also be considered in the formulation of a tourism development strategy.

These are the sorts of considerations that should be addressed in a tourism development strategy. The previous points are, of course, based largely upon opinion and the results from various surveys. We should emphasize that a comprehensive tourism development strategy should be based upon a commensurately comprehensive assessment of the present tourism base and the area's potential for development. This would allow for a clearer understanding of the various client groups involved, their origins and destinations, the pattern of activities that they pursue during their time spent in the Region, etc.

## 1.3 PRESENT PROBLEMS IN TOURISM PROVISION

At present, there are several problems (which conversely may be thought of as opportunities for development) with regard to the provision of tourism opportunities in the Region of Niagara. While our assessment of these is not comprehensive, we present the following list as an indication of the major types of problems encountered.

- On a general level, there seems to be some problem with the general structure of tourism visitation in the Region. There is a decided eastern focus to the attrativeness of the Region from the tourist's point of view. The majority of sites catering to the out-of-the-Region tourist are found between the Welland Canal and the Niagara River. Even with this zone of concentration, however, there is considerable imbalance with regard to visitation. Several agencies and operators

reported that the City of Niagara Falls gets a disproportionate share of visitation, while other facilities, such as Crystal Beach, have experienced severely declining visitation. This imbalance tends to equate tourism in the Niagara Region with Niagara Falls. The perception of the average tourist limits the consideration of other attractions in the Region.

- On the other hand, it appears that government funding programs have tended to leave the City of Niagara Falls 'out in the cold'. The considerable potential for further development of the tourism plant in this City is thus not being realized. While figures are lacking in order to clearly outline the scope and structural nature of this problem, it does appear that it has arisen in response to the concentration of tourism visitation in Niagara Falls as an attempt to compensate other areas.
- Recent evidence shows that tourist visitation in the Region itself has declined in the past few years. As previously mentioned, this is due, in part to gas prices and availability, which has affected tourism throughout North America. If this is the case, then every indication points to the fact that this trend will continue. Further, some areas (such as Crystal Beach and the Fort Erie Race Track) have experienced severely declining visitation during recent years, more so than should have been expected from higher gas prices.

Conversely, it should be noted that the forecast outlook for the hotel and restaurant services industry generally appears bright (see Appendix I, page 37). This is probably due to the fact that Canada is in a better position vis-a-vis the tourism industry than the United States (at least in the short term) due to a favourable exchange rate, and the higher energy prices in the U.S. (The exchange rate should make Canada a more attractive vacation area for Canadians as well.) However, in our view, this by itself will not entirely offset the stabilization/decline in tourist visitation which has been exhibited in the short-term and which we expect in the absence of any coordinated tourism development strategy, to continue into the future.

- There is some concern that the family profile of visitor parties to the Region may be changing. With the general decline in household size, and the increasing trend towards the fragmentation of families, it is expected that the family groups coming to the Region in the future will be significantly smaller than in the past. To some extent, this may be evidenced by the proportionate increase in the number of U.S. residents entering the Region by bus, since it is likely that these visitors will be singles or couples, rather than larger family groups.
- The Niagara Parks Commission's plans to develop improved parking facilities in the Niagara Falls area is of concern to several tourism operators in the Clifton Hill area.* They fear that

* For a detailed review of the proposed changes, see Master Plan for Traffic Improvements in Queen Victoria Park, Progress Report No. 2, De Leuw Cather Canada Ltd., November 1979.

by re-routing the traffic flows past Clifton Hill rather than through it, they stand to lose considerable potential business. On the other hand, the Niagara Parks Commission has found that growth in visitor attendance in recent years has stablized due to the saturation of the present road and parking facilities. Further, it appears that during the summer months, traffic in the Clifton Hill and Victoria Park area comes to a standstill, detracting considerably from the beauty of the Falls area and severely limiting access to the Falls itself.

- The considerable uncertainty with regard to developments in New York State has apparently engendered an atmosphere of caution within the Region. Many operators and agency personnel felt that the introduction of legalized gambling in Niagara Falls, New York, would be detrimental to their business operations. On the other hand, some feel that such a move would increase the attractiveness of the entire area (i.e. the Region of Niagara and Erie and Niagara Counties) and thus could prove beneficial to business in the Region of Niagara. Obviously, this problem is not easily resolved and warrants considerable further investigation.

- There has been some concern with regard to the state of accommodation in the Region. It has been reported that, in some cases, the quality of hotel and motel rooms in certain areas is below standard. Moreover, the much higher price of accommodation in the City of Niagara Falls has been mentioned

as a detrimental factor. This general problem in exacerbated by the perception that accommodation across the river in New York State is reportedly cheaper and of as good or better quality.

- In Niagara-on-the-Lake, there apperas to be considerable local inertia, at times even opposition, towards the development of tourism in the Town. The attitude of many local residents and businesses appears to be that "they like the Town the way it is". They are not particularly anxious to see a further influx of tourists, especially in the summer season. This attitude has provided the Shaw Festival management with some concern with regard to the future of audience development (e.g. problems encountered in terms of accommodation and dining facilities).
- The "I Love New York" campaign has reportedly boosted tourism in New York State to a remarkable degree. While the success of this campaign has been felt to the greatest degree in New York City, there have been 'spillover effects' which have provided increased visitation to Niagara Falls, and Buffalo. This is reported to have detracted, to a degree, from visitation on the Canadian side.
- In some areas, the considerable historical resources of the area are not being utilized to their maximum potential. In other areas, historical resources are threatened by pressures for increased urban development. A timely example of this is the construction of Highway 406 in St. Catharines, which is

destroying traces of the old second Welland Canal. While there are various organizations in the Region concerned with the protection of the historical resources of the Region, in most cases their impact is small.

- An atmosphere of parochialism on the part of the area municipalities appears to be a general difficulty underlying the maximum development of the Region's tourism potential. In some cases the unwillingness on the part of area municipalities or the Chambers of Commerce to promote the Region as a whole has created an atmosphere of non-cooperation which appears to be detrimental to the common good.

## 2. TRENDS IN RECREATION AND TOURISM

There are many trends and factors in modern society which will impact upon the degree to which people will travel or spend money in their leisure hours. It is most important to identify these factors and trends, as they will have significant implications for tourism planning, and thus must be taken into consideration in the formulation of a tourism development strategy. While the various factors can be singled out and discussed separately, it is essential to bear in mind their inter-relatedness. This is important because it is the net effect of all these factors (and probably other factors as well) which will be the determinant of a person or family's behaviour, rather than a cause-effect relationship with any particular one. For instance, while we expect a higher real income in the future, this may be offset to a degree by a growing realization of the high cost of travel. The net effect of these two factors is, of course, difficult to determine, yet

it is the sort of consideration that is critically important to the formulation of tourism development strategies.

Exhibit 2, at the end of this Appendix, contains a table listing participation rates for a variety of tourism and recreation-related activities. We present this Exhibit for information purposes only, to show the generally high participation levels in a variety of tourism activities.

## 2.1 CURRENT AND PROJECTED TRENDS

The major trends and factors which we foresee are summarized below:

- Greater Amount of Leisure Time: It is generally expected that the average number of hours worked per week will decline, thus freeing more time for leisure activities. Consequently, participation in almost all forms of recreation is expected to increase. A greater proportion of those with increased leisure time is expected to be people in the higher age brackets, who generally are retiring earlier.
- Change in the Demographic Structure of the Population: Throughout the 1980's, as the 'baby boom' population ages, there will be an increased number of people in the 30-40 age bracket, with interest and leisure pursuits appropriate to persons in that age category. There will also be a greater proportion of those over 65 than ever before. Thus, the population is 'aging' and leisure and recreation choices will reflect this fact.

- Changes in the Size of the Average Family: The size of the average family has been decreasing steadily in recent years, not only through the passing of the 'baby boom' generation through the population age structure, but also through the effects of increasing divorce rates, the tendency for 'singles' living and the like. This trend will have significant implications upon the 'family vacation' element of tourism planning.
- Higher Real Income in the Future: The current Woods Gordon economic forecasts indicate that the income of Canadians, as measured in terms of constant dollars, is expected to increase in the future. This fact, combined with the above mentioned expectation of more leisure time, implies that a greater proportion of income will be available for leisure pursuits.
- Greater 'Outdoor' Consciousness: In recent years there has been an increasing awareness of Canada's vast potential for outdoor recreation. This has resulted in an ever greater number of Canadians engaging in hiking, canoeing, sailing, skiing, mountain climbing and related sports. The trend is encouraged by government incentives such as the federally sponsored 'Participaction' program. It is generally expected that this trend will continue into the short and medium term.
- Greater Demands for Urban-Based Recreation: With the continuing urbanization of the Canadian population there is increased demand for urban-based indoor physical recreational activities. Canadians are becoming less content with the

restrictions placed on certain outdoor activities by climate and are demanding indoor facilities for tennis, skating, swimming, etc., that enable them to participate in these sports on a year-round basis.

- Greater Cultural Consciousness: A more sophisticated, richer consumer looks for a wider variety of cultural activities including performing arts, museums, theme attractions and restaurants. Concern about the preservation of cultural heritages is also increasing. The demand for indoor passive leisure activities is likely to be one of the most significant leisure trends of the next twenty years.
- Growing Realization of the High Cost of Travel: While in the early years of the "energy crisis" it appeared that the demand for gasoline was inelastic (i.e. the demand for gasoline remained constant, showing that people were not willing to reduce their consumption in the face of higher prices), there is recent evidence that both Canadians and Americans are becoming increasingly aware of, and influenced by, the growing expense of travelling. This can be seen, for example, in the generally lower volume of cars counted in the Niagara Parks Commission in the past three years.
- A More Cosmopolitan Attitude to Travel: Air travel is becoming increasingly commonplace and some Canadians' incomes have risen sufficiently to make the cost of reaching far flung destinations in Canada and abroad relatively insignificant. Although the exchange rate of the Canadian dollar may cause

fluctuations in the volumes of overseas travel from year to year, the long-term trend in overseas travel is increasing. However, while increasing numbers of Canadians travel, the competition between areas for the tourist dollar intensifies. Tourist areas are now often competing on a worldwide basis.

These, then, are the major factors which we anticipate will affect the formulation of tourism development strategies.

## 2.2 IMPLICATIONS FOR THE NIAGARA REGION

The factors mentioned above present a confusing, and perhaps even conflicting, pattern. While some factors should act to increase tourism in the Region (such as a greater cultural and outdoor consciousness), others will act to restrict the Region's potential (such as the growing realization of the high cost of travel). In this section we present our summary assessment of the implications of these trends upon the Region.

On the positive side, we believe that the greater amount of leisure time coupled with rising real incomes in the future indicates that the demand for tourism and recreational opportunities will increase. While some of this demand can be expected to be absorbed by new facilities (such as the Canada's Wonderland theme park development in Maple, Ontario) we expect a significant proportion of demand to be satisfied by existing facilities and services in well-recognized recreation and tourism areas. Clearly Niagara, as a world-famous tourist destination, is a prime candidate in this regard.

The increasing awareness of, and demand for, outdoor recreation opportunities should place the Niagara Region in a favourable

light. The Bruce Trail offering an east-west route, and the Niagara Parks Commission lands, offering a north-south route, provide excellent opportunities for both hiking and cross-country skiing.

Similarly, an increasing awareness of historical, natural and other cultural resources will have favourable implications for the Niagara Region. The rich historical resources of the area, which include the traces of the industrial growth and development of the Region as well as those relating to its early settlement and defense, will provide a focus for the increasing interest in such things. The unique natural features of the area (specifically those relating to the Niagara Escarpment) will provide a similar focus for geological interests.

On the negative side, there is evidence that the travel patterns of North Americans are becoming increasingly responsive to the high cost of travel. A major contributor to this high cost is, of course, rising gasoline prices, but the rising price of accommodation also comes into play in this regard. The implications of this are that the "market draw" of the Niagara Region may be shrinking, and that, in the future, visitors may be travelling shorter distances to the Region. Further, this may reduce the demand for overnight accommodation. This trend is already evidenced by a stabilization in visitors to the Region.

The decrease in the size of the average family will also contribute to the stabilization or decline in the number of visitors to the Region. Additionally, the average age of the visitor party may well be older, perhaps requiring the provision of different sorts of goods and services.

In summary, then, the potential for increased tourism in the Niagara Region is great. The degree to which it is realized will be largely dependent upon the cost of access to the Region, the quality and diversity of the tourism plant, and the image that the Region portrays to the rest of Canada and beyond.

## 3. POTENTIAL FOR TOURISM DEVELOPMENT

Our analysis has indicated that, in general, tourism in the Niagara Region has stablized (and perhaps even declined slightly) in recent years. We feel that this is due to a variety of interrelated factors, which are:

- the saturation of existing accommodation and entertainment facilities;
- the deteriorating quality of some accommodation and attractions; and
- the general disinclination of people to travel due to the rising costs of accommodation, food and gas.

This general pattern fits in well with that exhibited in Ontario as a whole. Data from the Ontario Ministry of Industry and Tourism shows that tourism in Ontario has declined significantly in the period 1973-1977. In 1978 and 1979, tourist visitation has levelled off somewhat. (In 1979, tourist visitation was only .4% lower than in 1978.) This appears to be the result of a general perception of Ontario as a more expensive vacation area than other areas. In our view, factors such as the favourable exchange rate and the relatively cheaper cost of gas in Canada affects these trends to only a limited degree.

Clearly, it is unlikely that tourism in Ontario will experience rapid growth in the short term. In the absence of concerted

efforts to promote and develop the tourism plant in the Niagara Region, we may expect its prospects to be equally modest.

## 3.1 THE FORMULATION OF A TOURIST DEVELOPMENT STRATEGY

### 3.1.1 Objectives of a Tourism Development Strategy

In our interviews throughout the Region, three major concerns were consistently raised as obstacles to the development of tourism in the Niagara Region. These were the relatively short period of time that a typical visitor party would remain in the area (all interviewees agreed that it was more or less one day in duration), the fact that tourism activities tended to be overconcentrated in the City of Niagara Falls, the tendency of tourists to visit only one or two attractions during their visit, and the highly seasonal aspect of tourism. Consequently, it is our view that the general objectives for any coordinated strategy for the development of tourism in the area should be:

(1) To increase the average visitor's length of stay in the Region;

(2) To encourage a more even distribution of the provision of tourism-related opportunities throughout the Region;

(3) To encourage greater integration among tourist attractions in the Region;

(4) To promote off-season (i.e. winter) tourism in the Region.

As previously mentioned, these objectives should be further refined and detailed. One way of doing this would be through a detailed survey of tourists in the Region. Such a survey would provide an empirical, first-hand basis for the formulation and specification of these objectives, as well as provide a baseline point for monitoring the success of programs developed to meet these objectives. The information gleaned by a survey of this type should include the following:

- type of visitor (Niagara Region resident, non-resident passing through, or non-resident staying in the area)
- detailed origin and destination information
- first time visit as opposed to repeat visit
- length of stay in the area
- opinions regarding accommodation facilities
- size of visitor party
- purpose of visit
- characteristics of visitor party leader
  - income
  - occupation
  - etc.
- dollars spent in the Region: where and on what
- attractions visited.

In addition to refining the objectives of a tourism development strategy and providing baseline data for monitoring purposes, this information would permit 'client profiles' of the various tourists to the Region (e.g. 'the honeymoon couple', 'the family outing', etc.) to be developed. The client profile approach would be useful in the design of new facilities, or the modification of existing facilities, in that tourism planning could be tailored to meet the needs and desires of these groups. In addition, these client groups could be seen as the targets for promotional activities.

### 3.1.2 Concentration Options for a Tourism Development Strategy

A tourism development strategy encompassing the above-mentioned objectives could take any of several different forms. These will vary according to the ways in which the Region feels its' objectives are best achieved in light of existing visitation patterns,

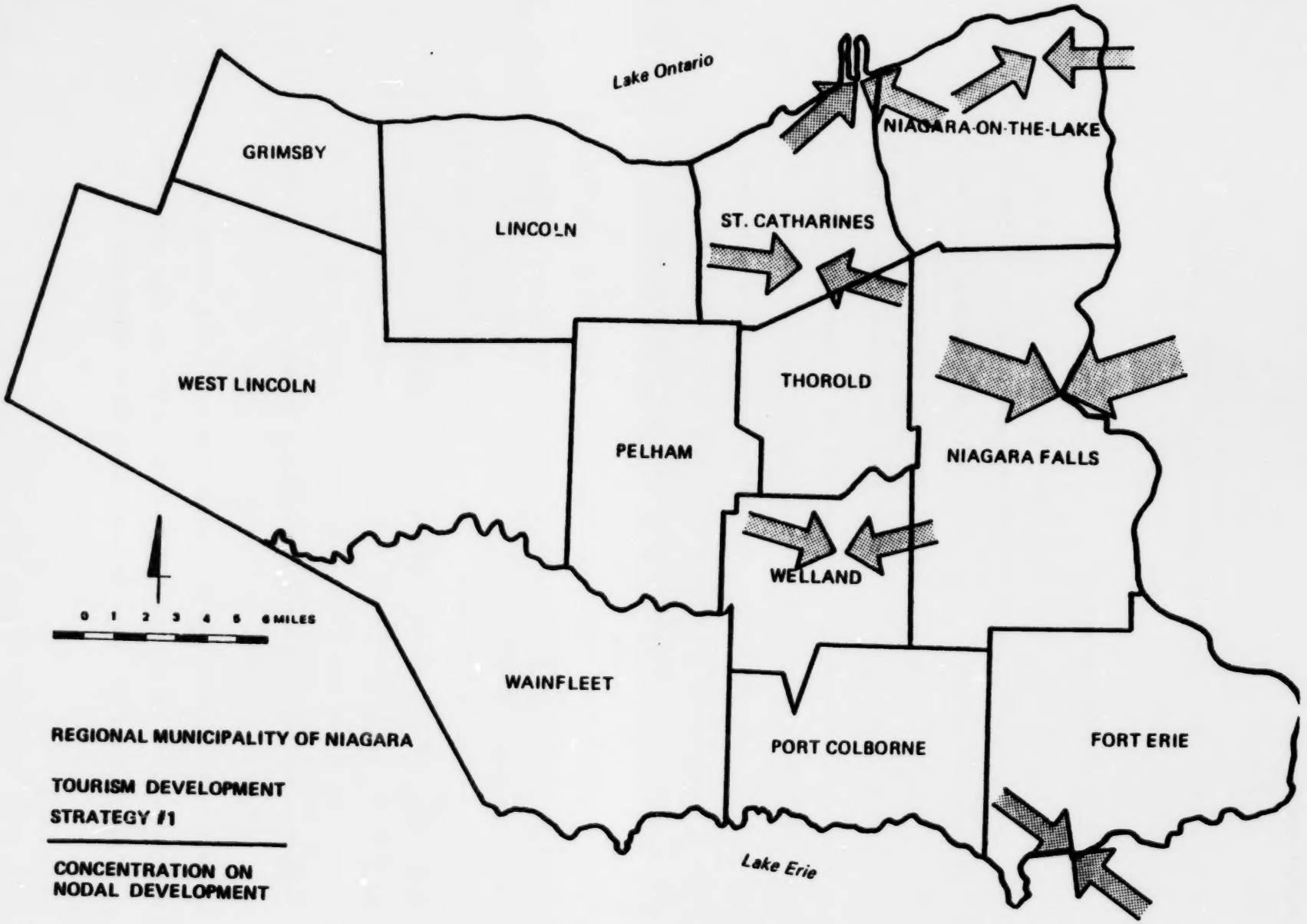
political preferences, etc. For illustrative purposes, we present the extremes of these different forms.

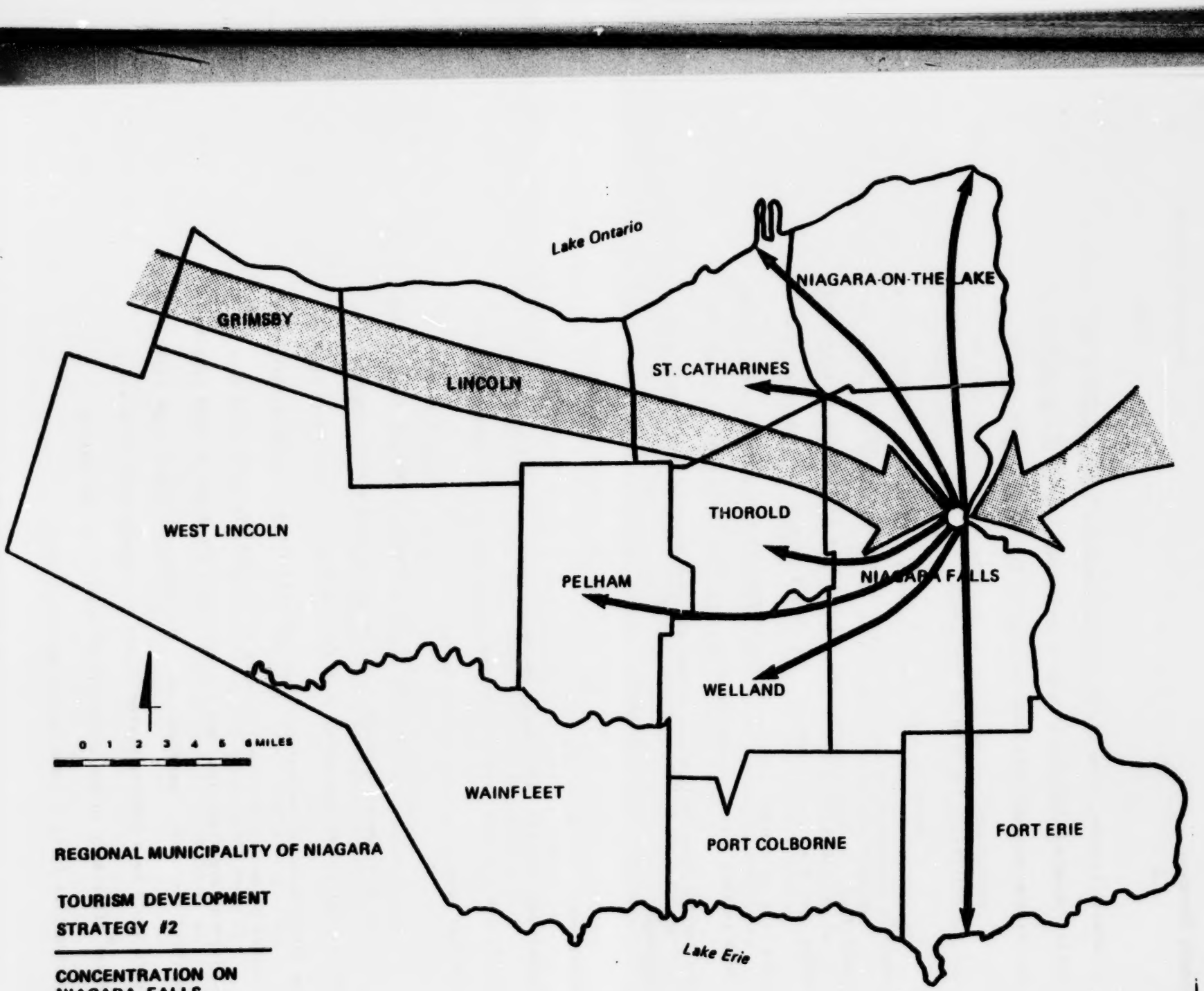
Concentration on Existing Nodes

A tourism development strategy taking this form would place a heavy emphasis upon the maximum development and re-development of existing tourist centres. The objective of this strategy would be to increase overall visitation to the Region through developing the various centres as destination points in themselves, rather than as sub or minor attractions. This concept is illustrated in the accompanying diagram. From this starting point, tourism in the Region could be enhanced through integrating the destination points with one another. The major nodes to be considered in this regard would be the Shaw Festival and Niagara-on-the-Lake, the Crystal Beach area, Niagara Falls, and (perhaps) the Welland Canal and the Short Hills area of the Niagara Escarpment.

Concentration on Niagara Falls

On the other hand, a tourism development strategy could concentrate promotion efforts upon the City of Niagara Falls. The rationale of this strategy would be that Niagara Falls, already the primary draw of the Region, is the most logical area to promote in order to draw new visitors into the Region. Once in Niagara Falls, visitors could then be encouraged to visit other attractions, or sub-destinations. This form of strategy, shown in the accompanying diagram, may have the advantage of being more efficient than a strategy which concentrated upon dispersed nodal development and promotion. A


Lake Ontario
GRIMSBY
LINCOLN
NIAGARA-ON-THE-LAKE
ST. CATHARINES
WEST LINCOLN
PELHAM
THOROLD
NIAGARA FALLS
WELLAND
0 1 2 3 4 5 6 MILES
WAINFLEET
PORT COLBORNE
FORT ERIE
Lake Erie
REGIONAL MUNICIPALITY OF NIAGARA
TOURISM DEVELOPMENT
STRATEGY #1
CONCENTRATION ON
NODAL DEVELOPMENT


Lake Ontario
NIAGARA-ON-THE-LAKE
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WEST LINCOLN
THOROLD
PELHAM
NIAGARA FALLS
WELLAND
0 1 2 3 4 5 6 MILES
WAINFLEET
PORT COLBORNE
FORT ERIE
Lake Erie
REGIONAL MUNICIPALITY OF NIAGARA
TOURISM DEVELOPMENT
STRATEGY #2
CONCENTRATION ON
NIAGARA FALLS

drawback, however, lies in the identification of the Region with the Falls, which may mean that those tourists who come to the Region yet do not care to see the Falls are left out in this type of strategy.

## 3.2 OPPORTUNITIES FOR TOURISM DEVELOPMENT

Based upon the results of our interviews, several vehicles through which further tourism development could take place were identified. We have expanded and refined this list, which is presented below, for discussion purposes. It should perhaps be emphasized that this list is neither exhaustive nor comprehensive. Further, many of the items in this list are complementary, and thus would tend to reinforce one another when included in a comprehensive tourism development strategy.

Also note that there are two main aspects to tourism development, one being the development of tourism opportunities themselves, and the other being the development of vehicles to facilitate and publicize the tourism opportunities. Consequently, the list has been structured in this manner.

Another consideration that should be kept in mind is that a tourism development strategy could be integrated with a comprehensive culture and recreation master plan for the Region. This could promote the integration of recreational and cultural facilities which were provided primarily for the residents of the Region, with tourism development opportunities, and thereby widen the scope of both tourism and local recreation opportunities. The potential benefits in this regard would be a greater degree of use of certain facilities and a greater efficiency in the provision of tourism and recreation opportunities (with a commensurate saving of money).

3.2.1 Development of Tourism Opportunities

- Development of tourist facilities providing for winter time activities (cross-country skiing, snowshoeing, etc.) as well as support facilities catering to participants (restaurants, lodges, hotels/motels, etc.).
- Development of a parks system integrated with the unique historical resources of the area (e.g. a linear park system, with bikeways, along the route of the old Welland Canal, as is currently being promoted by the Welland Canals Preservation Society). This could coincide with Parks Canada's interest in developing multi-use for the Welland Canal lands.
- The development of tourism attractions sponsored by the various industries or utilities resident in the area (e.g. a Niagara Wine Museum, operated jointly by the various wineries resident in the Region, or an industry-technology museum, showing the early history of, say, power development in the area with interactive display facilities like those in the Ontario Science Centre).
- The development of rural conference centres, or 'retreat areas', for use by business development concerns, interest groups, etc.
- The sponsorship of additional 'festival type' events (e.g. 'Old Tyme Niagara Days'). This could be used as an ideal vehicle with which to increase winter tourism in the Region (e.g. in carnivals, winter festivals).

- The upgrading and expanding of existing facilities.
- The identification and development of new tourist-related developments in appropriate areas. (One such area that is currently being examined in this regard is the Niagara Tramway which is being proposed by York-Hannover Developments Ltd. This project, consisting of a tramway across the Niagara Gorge at Niagara Falls, would permit easier travel between the Convention Centre located in Niagara Falls, New York and accommodation facilities on the Canadian side. Another such opportunity, which was mentioned in the interviews, was the possibility (probably remote) of a casion development at Navy Island in Niagara Falls).

### 3.2.2 Vehicles and Strategies to Facilitate and Publicize Tourism Development

- A series of newspaper and magazine advertisements, promoting several tourist attractions at once (for example, containing a photo-montage showing ten different attractions).
- A series of television and radio advertisements, again promoting several attractions at once.
- A comprehensive study of the tourism development opportunities in the 'Niagara-Brantford Zone' (as identified in A Framework for Opportunity) along the lines of those already done for the Trenton-Cornwall Zone, the Renfrew-Kingston Zone, and the Sault Ste. Marie-Wawa Zone. (These studies were commissioned by the Tourism Development Branch of the Ministry of Industry and Tourism.)
- A catchy slogan relating to tourism in the Region.

- Promotion of the Region as an ideal vacation spot for the 'no-cottage' family, through the renting of cabins, winter lodges, and other family-type accommodation.
- Development of tourist "passports" which would allow the holder access (perhaps at a reduced price) to several attractions in the Region - taken a step further, this could take the form of "theme passports" to various attractions which share common characteristics (e.g. 'Historical Niagara', 'Scenic Niagara', 'Niagara Showtime', etc.).
- A coordinated body to publicize and disseminate information relating to both public and private tourism opportunities throughout the Region (the Niagara Region Tourist Council already does a good job at this, but they tend to downplay the private tourist attractions available at Niagara Falls, because of the fact that the Niagara Region Tourist Association deals strictly with these).
- Development of a symbol, or logo, which is readily identified with "Niagara Tourism".
- Maintenance of attractive information stands (containing literature from both the private tourist attractions as well as for publicly-sponsored attractions) at key roadside access points and in the major attractions themselves.
- Increased highway signage along major transportation corridors (for instance, Highway 401) showing the distance to the Niagara Region. This strategy could perhaps harness some of the "random tourism" element (i.e. tourist driving about

Southern Ontario without specific destination plans) which exists to some degree.

- Critical examination of the tourist and tourism-related resources of the area to see if the Region warrants a classification of its own in the Ministry of Industry and Tourism classification of Ontario Travel Associations (i.e. separate from the rest of 'Festival Conntry').
- Development of 'package deals' between facilities (such as that currently being explored between the Sheraton Hotel at Maple Leaf Village and the Shaw Festival).

## EXHIBIT 1

## LIST OF PERSONS INTERVIEWED

| | |
|---|---|
| Brian Antonsen | Tourism Development Officer, Ministry of Industry and Tourism |
| John Brook | Director of Development, Shaw Festival |
| Katharine Brook | Director of Audience Development, Shaw Festival |
| Dudley Burland | Honeymoon Motel |
| Ron Devereaux | Niagara Parks Commission |
| Jack Hutton | Supervisor, Conservation Areas, Niagara Peninsula Conservation Authority |
| Joe Iannuzzelli | Hiltop Motel |
| Geoff Kendrick | York Hannover |
| Carol Marshall | Project Manager, Maple Leaf Village |
| Jim Moir | Director, Niagara Resort and Tourist Association |
| Robert O'Dell | Industrial Development Consultant, Ministry of Industry and Tourism |
| Gordon Paul | Honeymoon Motel |
| Arden Phair | Curator/Administrator, St. Catharines Historical Museum |
| Bob Prashaw | Park Superintendent, Rock Point Provincial Park |
| Ted Rigby | Welland Securities Ltd. |
| Fritz Sheidt | Fundraiser, Welland Canals Preservation Association |
| Denise Taylor | Alderman, St. Catharines, Welland Canals Preservation Association |
| Doris Wells | Executive Director, Regional Niagara Tourist Council |
| Ed Unruh | Publicity Manager, Shaw Festival |
| Ian Ferguson | Chief Master Planner, Ontario Region, Parks Canada |
| Glen Pincombe | Tourism Policy and Research Services, Ministry of Industry and Tourism |

# EXHIBIT 2

## PARTICIPATION IN TOURISM AND RECREATIONAL ACTIVITIES

### 1. STRUCTURAL CLASSIFICATION OF ACTIVITIES

Leisure time has been defined as "discretionary time". As such, it is the time that is left over once necessary activities have been completed. Recent survey evidence indicates that the typical adult Canadian has approximately 70 hours per week of leisure time, once time spent at work (including commuting time) and sleeping is discounted.

The discretionary time can be spent in two ways. Household "chores" (including volunteer activity) occupy a significant proportion of leisure time, as many as 14 hours per week. This category includes the time spent on necessary routine tasks (washing dishes, personal hygiene, etc.) as well as time spent on necessary non-routine tasks (visiting the dentist, etc.).

The other category of leisure time is recreation, defined as activities undertaken purely for the enjoyment of the activity itself. There is a tremendous variety of activities which fall into this category, which can be clustered according to certain characteristics which they share. The following outline illustrates our preliminary thinking with regard to a classification scheme of recreational activities.

1. Active Recreation

1.1 Athletic Pursuits

1.1.1 Tourism and Sightseeing
1.1.2 Outdoor Recreation
1.1.3 Organized Sports

1.2 Cultural Pursuits

1.2.1 Visual Arts
1.2.2 Crafts
1.2.3 Musical Arts
1.2.4 Other Hobbies

2. Passive Recreation

2.1 Home Oriented Recreation

2.1.1 Home Entertainment
2.1.2 Passive Games
2.1.3 Unstructured Recreation

2.2 Non-Home Oriented Recreation

2.2.1 Live Performing Arts
2.2.2 Recorded Performing Arts
2.2.3 Culinary and Related Activities

3. Recreation-Facilitating Activities

Using this broad classification scheme, we have compiled a listing of various popular recreational activities, showing their participation rates (which measure the proportion of the population which participates at least once a year in the activity). These rates were compiled from a variety of sources, which are shown in the listing.

## 2. PARTICIPATION RATES

The participation rates presented in this exhibit are from a variety of sources, each measuring participation in terms of the percentage of people surveyed who engaged in the activity in that particular year. Thus a rate of .203 would indicate that 20.3% of those surveyed had engaged in the activity at least once in the past year. The rate does not, however, measure the intensity of activity. Thus the once-a-year golfer and the weekend fanatic are both considered to be participators.

# A RECREATIONAL TYPOLOGY



## 1. ACTIVE RECREATION

### 1.1. ATHLETIC PURSUITS

#### 1.1.1. TOURISM AND SIGHTSEEING

| | | | |
|---|---|---|---|
| 1.1.1.01 | Visiting Museum or Art Gallery | .496 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.1.01 | Visiting Art Gallery or Art Museum | .215 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.1.02 | Visiting Historic Sites | .498 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.1.02 | Visiting Historic Site or Restoration | .308 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.1.03 | Driving for pleasure | .682 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.1.03 | Recreational driving | .640 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.1.04 | Sight-seeing from vehicles | .633 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.1.05 | Boat sightseeing (commercial) | .056 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.1.06 | Visiting national parks | .241 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.1.07 | Visiting zoos and conservation areas | .215 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.1.08 | Attending art or craft fair | .221 | Perspective Canada II, Statistics Canada, 1977 |

#### 1.1.2. OUTDOOR RECREATION

| | | | |
|---|---|---|---|
| 1.1.2.01 | Swimming (non-pool) | .496 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.01 | Swimming | .649 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.02 | Tent Camping | .169 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.02 | Camping | .276 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.03 | Trailer Camping | .126 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.04 | Pick-Up Camper Camping | .066 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.05 | Canoeing | .169 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.05 | Canoeing | .162 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.06 | Cross-country skiing | .078 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.06 | Cross-country skiing | .027 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.07 | Picnics and Cookouts | .582 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.08 | Walking and hiking | .541 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.09 | Bicycling | .322 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.10 | Wilderness tripping | .117 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.11 | Private boating | .133 | Longitudinal Data on Participation, Parks Canada, 1976 |
| 1.1.2.11 | Motor boating | .331 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.11 | Sailing | .060 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.12 | Water-skiing | .003 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.13 | Downhill snow-skiing | .003 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.13 | Downhill skiing | .081 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.14 | Snowmobiling | .007 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.14 | Recreational snowmobiling | .184 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.15 | Golfing | .065 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.15 | Golf | .139 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.16 | Horseback Riding | .047 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.16 | Horseback riding | .096 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.17 | Skin/scuba diving | .014 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.18 | Ice skating (not hockey) | .129 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.18 | Ice skating | .306 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.2.19 | Tobogganing | .076 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.2.20 | Track and field | .035 | Perspective Canada II, Statistics Canada, 1977 |

### 1.2.4. OTHER HOBBIES

| | | | |
|---|---|---|---|
| 1.2.4.01 | Taking courses for interest | - | |
| 1.2.4.02 | Other Hobbies | - | |

## 2. PASSIVE RECREATION

### 2.1. HOME-ORIENTED

#### 2.1.1. HOME ENTERTAINMENT

| | | | |
|---|---|---|---|
| 2.1.1.01 | Watching television | .960 | Perspective Canada II, Statistics Canada, 1977 |
| 2.1.1.02 | Listening to radio | .845 | Perspective Canada II, Statistics Canada, 1977 |
| 2.1.1.03 | Listening to other recorded music | .653 | Perspective Canada II, Statistics Canada, 1977 |
| 2.1.1.04 | Reading newspapers | .768 | Perspective Canada II, Statistics Canada, 1977 |
| 2.1.1.04 | Reading Magazines | .600 | Perspective Canada II, Statistics Canada, 1977 |
| 2.1.1.04 | Reading books | .570 | Perspective Canada II, Statistics Canada, 1977 |

#### 2.1.2. PASSIVE GAMES

| | | | |
|---|---|---|---|
| 2.1.2.01 | Playing cards | - | |
| 2.1.2.02 | Playing other board games | - | |

#### 2.1.3. UNSTRUCTURED RECREATION

| | | | |
|---|---|---|---|
| 2.1.3.01 | Snoozing, relaxing | .999 | |
| 2.1.3.02 | Engaging in conversation | .999 | |

### 2.2. NON-HOME ORIENTED

#### 2.2.1. PERFORMING ARTS - LIVE

| | | | |
|---|---|---|---|
| 2.2.1.01 | Attending live theatre or musical comedy | .422 | The Audience for the Performing Arts, Ontario Arts Council, 1975 |
| 2.2.1.01 | Attending theatre or concert | .385 | Perspective Canada II, Statistics Canada, 1977 |
| 2.2.1.01 | Live theatre performance | .167 | Perspective Canada II, Statistics Canada, 1977 |
| 2.2.1.02 | Attending classical music performances | .261 | The Audience for the Performing Arts, Ontario Arts Council, 1975 |
| 2.2.1.02 | Classical music recital | .105 | Perspective Canada II, Statistics Canada, 1977 |
| 2.2.1.03 | Attending ballet or modern dance | .131 | The Audience for the Performing Arts, Ontario Arts Council, 1975 |
| 2.2.1.03 | Attending ballet performance | .036 | Perspective Canada II, Statistics Canada, 1977 |
| 2.2.1.04 | Attending opera performances | .110 | The Audience for the Performing Arts, Ontario Arts Council, 1975 |
| 2.2.1.04 | Attending opera or operetta | .037 | Perspective Canada II, Statistics Canada, 1977 |
| 2.2.1.05 | Attending popular, folk or rock concerts | .311 | The Audience for the Performing Arts, Ontario Arts Council, 1975 |
| 2.2.1.05 | Attending a Folk, rock or jazz performance | .203 | Perspective Canada II, Statistics Canada, 1977 |
| 2.2.1.06 | Attending a Sporting Event | .355 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |

### 1.1.3. ORGANIZED SPORTS

| | | | |
|---|---|---|---|
| 1.1.3.01 | Ice hockey | .058 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.3.02 | Baseball/softball | .087 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.3.02 | Baseball or softball | .195 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.3.03 | Football | .048 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.3.03 | Football | .094 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.3.04 | Soccer | .040 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.3.05 | Basketball | .063 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.3.06 | Tennis | .063 | Cultural and Recreational Facilities and Activities in Ontario, 1976 |
| 1.1.3.06 | Badminton | .125 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.3.06 | Tennis | .122 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.3.07 | Volleyball | .091 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.3.08 | Curling | .053 | Perspective Canada II, Statistics Canada, 1977 |
| 1.1.3.09 | Handball | .031 | Perspective Canada II, Statistics Canada, 1977 |

## 1.2. CULTURAL PURSUITS

### 1.2.1. VISUAL ARTS

| | | | |
|---|---|---|---|
| 1.2.1.01 | Oil or Watercolour Painting | .088 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.1.02 | Sculpture | .008 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.1.03 | Etching | .008 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.1.04 | Acrylic Painting | .039 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |

### 1.2.2. CRAFTS

| | | | |
|---|---|---|---|
| 1.2.2.01 | Knitting | .322 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.02 | Crocheting | .297 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.03 | Embroidery | .272 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.04 | Candle-making | .082 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.05 | Decoupage | .062 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.06 | Woodworking | .050 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.07 | Jewellery-making | .044 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.08 | Beading | .040 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.09 | Tie-Dying | .032 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.10 | Pottery | .032 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.11 | Weaving | .027 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.12 | Leatherwork | .022 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.13 | Metalworking | .011 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |
| 1.2.2.14 | Batik | .005 | Amateur Arts Crafts and Music, Stanford Research Institute, 1974 |

### 1.2.3. MUSIC

| | | | |
|---|---|---|---|
| 1.2.3.01 | Playing a Musical Instrument | .137 | Perspective Canada II, Statistics Canada, 1977 |
| 1.2.3.02 | Singing in Choirs | - | |

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| | | | |
|---|---|---|---|
| **2.2.2. PERFORMING ARTS - RECORDED** | | | |
| 2.2.2.01 | Going to movies | - | |
| 2.2.2.01 | Theatre or drive-in movie | .571 | Perspective Canada II, Statistics Canada, 1977 |
| **2.2.3. CULINARY & OTHER ACTIVITIES** | | | |
| 2.2.3.01 | Going to restaurants | - | |
| 2.2.3.02 | Going to bars and taverns | - | |
| **3. RECREATION-FACILITATING ACTIVITIES** | | | |
| 3.1.1.01 | Going to libraries | .290 | Perspective Canada II, Statistics Canada, 1977 |

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# APPENDIX 3

# THE SERVICES SECTOR: POTENTIAL AND PROSPECTS FOR OFFICE-BASED SERVICES

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# THE SERVICES SECTOR: POTENTIAL AND PROSPECTS FOR OFFICE-BASED SERVICES

## 1.0 DEFINITION

The definition we have employed in examining the potential and prospects for office-related higher order service firms and organizations is as follows:

> "Those types of firms and organizations (or portions thereof) carrying out centralized (in a local, regional, national or international context) administrative, managerial or professional functions from office-based locations. These firms and organizations are often located in prestige office complexes and generally include head offices, regional offices and specialty firms (e.g. engineers, architects, management consultants, corporate lawyers, financial service firms, advertising firms, advertising agencies)."

## 2.0 SCOPE OF SURVEY

Personal and telephone interviews were carried out in September 1979 with developers, real estate agents, business associations and government representatives familiar with the office sector in the Region. The interviews were carried out in accordance with interview guidelines prepared for the survey (see the end of this Appendix).

## 3.0 GENERAL FINDINGS

1. Office markets in Ontario are currently undergoing a period of uncertainty. There is generally declining activity in major Ontario markets. In Metro Toronto Region, for example, growth in occupied space has declined from 8% per annum in the mid 1960s and early 1970s to 3%-4% in the past three years. Vacancy rates have generally increased from 5% in the early

1970s to approximately 9% at present. In Ottawa, growth in occupied space has declined from approximately 11% per annum in the early 1970s to 1%-2% in past three years. Vacancy rates have climbed from 2% prior to 1976 to 11% at present. Due to cut-backs on employment growth (e.g. Federal and Provincial governments), and hence office space demands, the annual growth rate in occupied space in major metropolitan centres in Ontario is not expected to exceed 3% in the next five years. Vacancy rates are expected to decline slightly, as the absorption rate is expected to exceed the rate of new development.

2. Recent rapid inflation in interest rates is causing delays and slowdowns in development activity, as the development industry awaits expected interest rate declines in 1980.

3. The flow of funds from Canadian developers continues to be directed to U.S. markets, contributing to reduced levels of growth in Ontario.

4. Further movement of higher order service firms from Quebec to Ontario is expected. This could have a positive impact on office space demand in the Province.

## 4.0 FACTORS SPECIFIC TO THE REGION

1. The Region is at a disadvantage relative to regions such as Halton and Peel with respect to proximity to major metropolitan markets. It is about one and one-half hours' drive from Toronto and has relatively poor airport access. The Regional image with respect to higher-order services is

largely undeveloped. Centres like Niagara Falls are more recognized as tourist centres.

2. Developers interviewed noted difficulties in obtaining funding commitments for large commercial projects. Local financial institutions are primarily branch banks with little independent decision-making capability. Developers in Niagara reported that they must depend on Toronto bankers. They indicated that these bankers are not very familiar with the Region and therefore often will not support major investments in commercial development.

3. The development industry believes local government has in the past discouraged rather than encouraged commercial office development through a lengthy approvals process, heavy levies and taxes and restrictive standards. Many respondents noted that attitudes are gradually changing and becoming more supportive, particularly in St. Catharines and at the Regional level. They believe this support and encouragement is essential in both strengthening investor confidence and in reducing costs associated with commercial development. One potential move which some individuals believed would strengthen investor confidence would be the development of Regional headquarters in downtown St. Catharines.

4. Most higher-order firms in Niagara are fulfilling strictly branch office functions. There are few corporate or government head offices. Discussions with one major firm which has recently increased its staff, confirmed that they

view Niagara as a distinct Regional market. Organizations occupying office space are dominated by branch offices, such as:

- life insurance (e.g. Royal Insurance, Confederation Life)
- banks (e.g. Royal Bank, Toronto-Dominion)
- finance companies (e.g. GM Acceptance, HFC)
- consulting engineers (e.g. Montreal Engineering, Proctor & Redfern, Acres)
- brokerage firms (e.g. Wood Gundy)
- government (e.g. Community and Social Services, Regional Assessment Office, Rent Review Board)
- accounting firms (wide variety of local firms)
- communications (Bell Canada, Canadian Odeon Theatres)
- manufacturing (Marshall Paper, Ontario Paper, Haynes-Dana).

5. Because of branch scale operations, office space demand in the Region is highly oriented to serving the local industrial and commercial base and the local population in Niagara. Market dependence on, and linkages with, external areas are of little importance and competition from external areas is not a major factor. This implies that economic development strategies building on Regional strengths in this sector might best be tuned toward attracting more regional (branch) scale operations to serve Niagara and some immediately surrounding areas, rather than competing with Mississauga or Hamilton and attempting to attract national corporate head offices.

6. The distance from a major airport is a negative factor, particularly in attracting head office operations.*

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* One carrier in the Region is reported to be currently applying for a Class 3 licence.

7. The attractive environment of the Region can represent a strong inducement to corporate decision-makers seeking Southern Ontario locations. The Royal Trust survey, for example, lists the average price for a typical large four-bedroom home at $72,800 in St. Catharines, compared to $133,000 in Toronto, $106,500 in Scarborough, $97,500 in Oakville, $94,000 in Burlington and $91,000 in Mississauga. A recent study by Fortune noted that personal preference of company executives and style of living for employees were now the two most important factors in corporate head office location decisions. A greater emphasis on this aspect in promotional material could help create and reinforce a distinctive Niagara image for living and working.

   One problem which was noted in this regard was that, although the lifestyle and environment in the Region are attractive, there are no large readily identified prestige residential areas which would be highly attractive to a community of senior executives.

8. There is little evidence that Canadian office-based firms are attracted to neighbouring U.S. cities.

9. No office space inventories have been compiled by the Region or the major centres in Niagara, with the exception of St. Catharines. From our own investigations and the St. Catharines data, it is clear that commercial office development is highly concentrated in downtown St. Catharines. Niagara Falls contains no major office concentrations, while

Welland contains only one office building of note - a new project of about 12,000 sq. ft. recently completed by York Hannover and leased to local businesses and medical organizations. St. Catharines contains approximately 475 office suites comprising about 1,200,000 sq. ft. of space. There are currently five office buildings of 40,000 sq. ft. or more:

- Corbloc 127,000 sq. ft. (office component only)
- Provincial Gas 70,000 sq. ft.
- Landmark 70,000 sq. ft.
- Canada Trust 50,000 sq. ft.
- Taro 40,000 sq. ft.

10. Office space shortages encouraged several major developments in the early 1970s, followed by a period of slowdown in succeeding years as available space was filled. The development industry, perceiving a shortage situation arising once more, is planning a new "round" of development. Expected projects are as follows:

- York Hannover 103,500 sq. ft.
- Taro 70,000 sq. ft.
- Carlisle Square 150,000 sq. ft.
- Winchester Mews 28,000 sq. ft.

In addition, the Province is planning a new Provincial Courthouse of 150,000 sq. ft. in downtown St. Catharines. Developers of these projects expect continued growth in branch office activities and expansion of existing firms. Most of these projects are currently being delayed by high interest rates and attempts by the developers to secure prime tenants. Given these difficulties, it is likely that construction of these projects will take place over several years.

11. The price of quality office space in downtown St. Catharines is similar to that in the suburban Toronto market ($9-$10/sq. ft.); thus, price offers no particular advantage.

12. Investment in downtown St. Catharines is being supported by downtown improvements (e.g. parking garage, lunch-time concerts, mixed-use retail/commercial developments). Further actions in this direction would assist in attracting further office growth. Associations such as St. Catharine's Downtown Association are viewed as essential in contributing in this regard.

13. Respondents pointed out that supporting existing firms is of key importance, as a high proportion of growth in higher-order service employment and commercial assessment comes from expansion of existing firms.

14. Developers believed the Region, while supportive in principle, has had little impact in attracting higher-order service firms to the area. They felt that in adopting an aggressive promotional campaign, the Region could become a significant contributor to attracting new firms. They believed both the Region and local municipalities could fulfill important roles in this regard, but that careful role definition and co-operative linkages were required.

## 5.0 PRINCIPAL LOCATION FACTORS

### (i) Positive

The factors most important in attracting further office-related higher-order services to the Region can be summarized as follows:

- o attractive residential environments and low housing costs
- o concentration of commercial office sector in downtown St. Catharines - identity, linkages, momentum, evidence of success and growth potential from existing firms
- o servicing supports provided for office occupants in Downtown St. Catharines (e.g. parking, restaurants, printing services, retail outlets)
- o well-defined regional service market, including New York State, Niagara and in part, Haldimand-Norfolk and Hamilton-Wentworth
- o active support by associations

(ii) Negative

The factors most important in inhibiting office-related higher-order service growth in the Region can be summarized as follows:

- o negative macroeconomic factors (high interest rates, declining investment, declining growth in office employment, etc.)
- o "business image" lacking - Region regarded primarily as tourist centre
- o lack of major financial services
- o distance to airport
- o perception of restrictive attitude toward growth in some areas
- o lack of aggressive Regional promotional activity.

## 6.0 OPPORTUNITIES

1. While all major urban centres in the Region should offer, and be encouraged to offer, a range of growth and development opportunities for office-based services, the Regional development priorities indicate that Niagara should harness the momentum, concentration, and "big city" image already in place in St. Catharines. The active development effort, in the sense of promoting and encouraging the location of

higher-order business services (as against convenience or local office-based services, e.g. doctors) in Niagara, should not be dispersed. It must, for maximum effect, project Niagara as an area with large, sophisticated urban environments, established business communities and thriving, exciting central business districts. Most higher-order business, finance, insurance and personal services will locate and congregate together, in the downtowns of major cities with maximum market access and immediate access to complementary services and supporting activities (e.g. printing, graphics, good restaurants, clubs, the legal and other offices of associates).

2. There are opportunities for the Region to build on the present momemtum and record of growth, especially the foundations and credentials of success already established in the St. Catharines CBD:

   - o strong identity within Region
   - o concentration of branch offices
   - o development activity momentum
   - o supports and services for office occupants
   - o activity of associations.

   The role of St. Catharines should be reinforced in this regard through the co-operative effort of the Region and the Area Municipalities, with the continuing support of interested associations.

3. Increasing the number of major corporations with branch office or regional scale operations in downtown St. Catharines is an important opportunity area, building on those sectors currently represented. These include:

- insurance
- banking and finance
- brokerage firms
- accounting
- consulting engineers
- management and planning consultants
- communications
- government
- real estate

REGION OF NIAGARA

GUIDELINES FOR INTERVIEWS WITH REAL ESTATE AND DEVELOPMENT FIRMS REGARDING OFFICE-RELATED HIGHER-ORDER SERVICES

1. Describe current market situation for office space.

   - vacancy rates
   - rent levels
   - rate of absorption
   - new developments
   - quality of available space

2. Describe type of firms being attracted to office space in area (give examples) and the functions and/or markets they serve.

3. Which of the following factors are attracting these firms (be specific).

   - availability of space
   - attractive rent levels
   - proximity to market (including business clients)
   - availability of labour force (clerical, executive, other)
   - productivity of labour
   - availability of suitable housing
   - community amenities
   - availability of services related to operation of firm
   - other

4. Are there any factors which you believe discourage potential higher-order firms from locating in the Region?

5. Is office market in Niagara competing for tenants with office markets in other Regions (e.g. Hamilton/Wentworth, Waterloo)?

6. Is there any trans-border movement i.e. do potential occupants of Niagara office space view U.S. location as an alternative? If yes, why?

7. Within the Region, which are the preferred office areas and why?

8. Does the local government have any influence on office development and leasing decisions? The Region? Examples?

9. Are there any specific incentives (financial or otherwise) for firms occupying offices in the Region?

10. What is the role of Business Councils, Associations, Commissions, etc. in attracting and maintaining higher-order firms?

11. How do you view the growth potential of the Region for higher-order firms?

12. Are there any particular policies, programs, etc. which you believe the Region and/or Area Municipalities should undertake to improve the potential of the area for attracting and maintaining higher-order service firms?

# APPENDIX 4

Woods Gordon

# ECONOMIC DEVELOPMENT PROSPECTS AND POTENTIAL: FINDINGS FROM THE WORKSHOP

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# ECONOMIC DEVELOPMENT PROSPECTS AND POTENTIAL: FINDINGS FROM THE WORKSHOP SERIES

## INTRODUCTION

In fulfillment of Task 1.7 of the approved Study Programme (September 19, 1979), a series of four (4) workshops were held in St. Catharines from October 31 to November 2, 1979. These workshops were closed, restricted to the Consultant and representatives from various interest groups identified by the Region of Niagara and Woods Gordon. These representatives were from the Area Municipalities (politicians and senior administrators), manufacturing industry, downtown business associations, chambers of commerce, tourism and other commercial interests and, finally, organized labour.

The purpose of these workshops was to gain a representative, firsthand input to the economic development Study from a range of leading spokesmen from interest groups within Niagara. These inputs were regarded as critical, not only to ensure the thoroughness of the research itself and to actively encourage participation and input throughout the Study process, but also to ensure that the findings and recommendations from the Study were firmly grounded in practical knowledge and understanding of the actual day-to-day economic and intergovernmental environment operating within Niagara. Specifically, the objectives of the workshops were to:

(a) discuss the major issues and concerns affecting regional economic development in Niagara,

(b) explore the advantages and potential for growth and development, and

(c) discuss the best method for preparing and implementing an economic development programme for Niagara, including the question as to who should be responsible for such a programme.

In addition to these objectives, the workshops were used to brief the various interest groups on the Study's objectives, process and progress and to hear their critical reaction of our draft technical paper on the regional economic performance and prospects (see Appendix 1 of this Report).

The workshops were very successful. While attendance at all of the sessions was not as high as anticipated, a good cross-section of the various interest groups responded to the Chairman's invitation to participate. The discussions were well informed, candid and have provided a great volume (some thirty-two pages of typed workshop notes) of invaluable material for this Study, especially for Phase 3 - Development of Action Programmes.

In this Appendix we provide a summary distillation of the principal outputs from the four workshops. These are presented under three major headings - 1) the principal advantages and assets of Niagara as a regional economic environment, 2) the principal disadvantages and liabilities and 3) the potential for effective action in terms of promotion, development and an economic development vehicle.

## NIAGARA - PRINCIPAL ADVANTAGES AND ASSETS AS AN ECONOMIC DEVELOPMENT ENVIRONMENT

The principal advantages which most respondents thought Niagara had to offer as an industrial and business development environment are set out below.

- The area has a favourable climate with clear roads for most of the year and pleasant outdoor conditions compared to most other regions in Ontario.

- Niagara has a unique and very attractive physical environment with two lakeshores, the Niagara Escarpment, Niagara Falls and pleasant countryside.

- The Region offers a desirable, relatively unpressured life-style.

- The Region was described by some as an old area with very friendly characteristics, wherein newcomers were easily accepted and made to feel "at home".

- The Region has the Welland Canal and associated shipping facilities.

- The area has a good and increasingly upgraded railway network.

- The proximity to the Canada/United States border for general business, transshipment and travel is regarded as a real asset.

- Niagara is well positioned for high quality air and lake transportation (e.g. hydrofoil, hovercraft) to Toronto for senior businessmen. Scheduled air service to Toronto Island Airport cannot take place until that airport is refitted with special equipment and until political decisions on the future of that facility are finalized.

- Niagara has reliable and cheap electrical energy supplies which remain an advantage over most U.S. competitors. However, Niagara has lost industries to Quebec where special hydro-electric rates have been offered. With a possible 20-25% increase in the rates in Niagara this advantage is in danger of disappearing.

- There are distinct advantages in the availability of cheaper (20%+ cheaper) housing than in most competing regions and the attraction for middle-management and other executives in being able to "trade up" to a larger, more spacious residence.

- Niagara has a great variety of house types from urban townhouses to large, old rural dwellings and high-rise accommodation.

- High quality community services and facilities are to be found throughout the Region.

- Regarding Brock University and Niagara College, there were many mixed views on the relevance, performance and participation of these institutions in the economic development futures of the Region. While the weight of opinion was negative, it was generally agreed that they represented real assets (albeit some misdirected) for Niagara. Several suggestions were offered to increase the relevance and impact of these institutions.

- Niagara has very real advantages, especially over many U.S. locations, in the availability of large quantities of high quality water.

- The relatively cheap cost of industrial land compared with most sites in Hamilton-Wentworth, the Waterloo-Wellington area, Halton and other competing regions is a real asset.

- While there is considerable disagreement regarding (a) the availability of serviced industrial land, and (b) the availability of serviced industrial land in suitable sized blocks and with suitable conditions for a variety of industries (e.g. large heavy versus light assembly/distribution types), the majority view is that Niagara is well endowed with industrial land most of which can be easily opened up with servicing. Niagara is therefore well posed to offer a great variety of competitively priced industrial land with increasingly favourable access characteristics (e.g. 406 extension).*

- A considerable pool of semi-skilled and skilled labour with a long tradition of industrial occupations and life-styles is available in the area.

- The Region has a variety of large, well-known and successful industrial operations (e.g. General Motors, Ontario Paper Company). While there may be some disincentives for new, large industries, these same companies (a) can assess the success of the Region's larger industrial residents, and (b) will themselves usually be characterized by fairly sophisticated and progressive labour relations practices.

- The area has a reputation as a relatively high productivity region.

- While there have been serious labour relations problems and the region does not have the most favourable reputation in this regard, the labour force is well trained, responsible and very stable.

- The region has a well established automotive industry which should continue to offer new jobs with changing auto technology and fuel consumption constraints.

- The region has a number of concentrations of female labour force of Italian and other European stock which provide a readily available resource for a number of industries which use such employees (e.g. light assembly, garment and textiles industries).

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* See the results of the Woods, Gordon survey of Area Municipalities (1979) reported in Appendix 1 of this Report.

- Niagara has a very high concentration of engineering firms (related to the local heavy industrial base, the St. Lawrence Seaway and other public works) which provide a unique professional resource as a service base for incoming industry and as a potential core group of an expanded research and development community.

- It was reported that Niagara has, in addition to a pool of highly skilled industrial employees, a pool of intellectual skills which are employed in Buffalo University, Mississauga, Toronto and Brock University. The majority of these reside in the Niagara-on-the-Lake area and represent a real asset for the Region's research and development base.

- Niagara is characterized by a variety of recreation facilities.

- The area offers an array of very reputable and successful recreation (e.g. the Grape Festival) and cultural (e.g. the Shaw Festival) events and facilities.

- Niagara has an extensive park system for family outings, nature enthusiasts, cycling, cross-country skiing and the general tourist.

- The Welland Canal offers not only great potential for more industrial development and shipping services but is an untapped recreational resource for (a) sightseeing (b) rowing, and (c) other activities.

- There is considerable ease of access to prime business centres (e.g. New York, Montreal).

- Relative to areas beyond the Hamilton-Toronto region, Niagara has ease of access to the large Central Ontario market.

- Generally there is great ease of access within the Region to all urban centres and other places in Niagara.

- Niagara is characterized by the general lack of any "big city problems".

- St. Catharines is increasingly growing into a mature, attractive and relatively sophisticated urban place with a successful downtown core which not only has a very impressive record of recent commercial office and related development, but also has a number of major additional developments phased to come on stream over the next decade.

- The variety of urban places in Niagara was cited as a distinct advantage. They range from major urban centres, rural hamlets and crossroad centres to lakeshore areas and mid-sized towns. Through the Region's twelve municipalities there is a wealth of residential and community types which should be marketed.

## THE PRINCIPAL DISADVANTAGES AND LIABILITIES OF NIAGARA AS AN ECONOMIC DEVELOPMENT ENVIRONMENT

A variety of concerns were raised regarding the disadvantages and liabilities in Niagara and how they impacted negatively on the area's economic performance and prospects. In general, the respondents identified three groupings of disadvantages to be addressed in any regional economic development programme. These encompassed the poor and underdeveloped image of the Region, the poor state of political affairs and administrative capabilities and practices and a number of opportunities and assets missing in the Region.

The concerns raised at the four workshops are summarized below.

- With reference to the Niagara Escarpment Commission it was generally felt that it was out of touch with realities in the Region and a severe and expensive obstacle to many legitimate development proposals.

- Regarding the development approval process, virtually all respondents had serious reservations. In most instances it was reported as arbitrary, very lengthy, expensive, unimaginative and virtually devoid of required expertise and knowledge of economics and business operations. The plethora of opposing interest groups, the extent of "red tape", the poor quality of local planning, the Ontario Municipal Board and the fact that the Area Municipalities still depend upon the Province for so many approvals, all aggravated an already uneconomic situation.

- Generally, Area Municipal Official Plans were regarded as being of poor quality and lacking in any economic input. Further, the great unevenness in the quality and type of municipal ordinances (especially zoning bylaws) across the Area Municipalities was regarded as a real liability. Examples of Council's approving non-conforming uses detrimental to local industry were cited.

- Regarding the Regional Official Plan it was generally agreed that it was a "consensus" document, characterized by many generalizations and great flexibility. Most respondents called for a better Official Plan. The lack of economic input was regarded as a real disadvantage leaving the policy

document without much credibility and lacking as a guide to decision making. It was reported that the Regional Official Plan was particularly deficient in providing a credible implementation programme with economic criteria. The Regional Official Plan was believed to have pitted agricultural interests against industrial interests, colouring the entire Region with an inflated, somewhat localized issue to the detriment of attention on economic planning and development programming. The ongoing development of an industrial park in Niagara-on-the-Lake and the problems with hooking up large tracts of land in the southern part of the Region for relatively minor outlays ($250,000), were regarded by many as developments flying directly in the face of the environmental policies of the Plan.

- The plethora of intergovernmental interests in the Welland Canal and the innumerable studies and proposals, were often regarded as factors militating against local confidence and staging power, in the area of economic development. There has been far too much talk, very little action, as well as little committed funding while a wealth of tourism and recreation resources lie underdeveloped.

- The question of municipal finance was generally regarded as fundamental to any successful regional economic development programme. Many Area Municipalities felt that they were penalized because of the inequities in the present assessment process. Most respondents were skeptical that a real pooling of industrial and commercial assessment revenues with some form of sharing formulae, was possible. There was considerable criticism of the Province in this regard.

- The lack of substantial neighbourhoods of high quality residential areas was cited as a deterrent to industries trying to encourage their senior executives to move to Niagara. There are some areas of prestige development (e.g. in Niagara-on-the-Lake, Fonthill). However, it was reported that very little in substantial new tracts of prestige development have been encouraged or permitted. The regulatory emphasis in Regional and Area Municipalities is marked by a lack of imagination and a general lack of developmental planning.

- It was reported that the very volume of land designated as "agricultural" was itself a deterrent to both resident industries contemplating expansion and new industries looking at Niagara as a potential location.

- There was grave general concern regarding the image of the Niagara Region. This concern was twofold. First, it was generally felt that the Region was at a severe disadvantage in having a very poor reputation for labour strife, high wage

rates, the lack of serviced industrial land, a predominance of agricultural concerns and priorities to the exclusion of industrial opportunities, parochial and divisive politics and protracted tensions among environmentalist and other lobby groups. The second liability in terms of the Region's image centred on the underdeveloped nature of that image. It was generally regarded as being confined to the presence of the Falls in Niagara Falls and the Escarpment and attractive tender fruit areas. Beyond periodic publicity of individual events (e.g. the Grape Festival, the Shaw Theatre season) and facilities (e.g. Marineland), the public's view of Niagara was regarded as extremely narrow and considered disadvantageous to Niagara. Generally, it was felt that most businessmen will have a negative set of preconceived impressions before ever visiting the Region.

- Tourism is generally regarded as an underdeveloped sector. The area's tourism potential is at a disadvantage due to overdependence upon a small number of resources (e.g. Niagara Falls). Unless active and aggressive development of new resources throughout the Region takes place, the tourism sector is expected to become a relatively stagnant area.

- Most respondents indicated that the PALS organization and the land use conflict had been extremely bad for the Region's image and for any emerging cooperative effort for area economic development. This was of particular concern to municipalities in the southern part of the Region, who indicated that the issues of concern to PALS which were widely publicized beyond the Region, were of no relevance to the land use, development issues and urban boundary definitions and policies beyond the relatively limited area in the northern part of Niagara. The entire Region was therefore characterized as a hot-bed of conflict, aggravation and having limited supplies of industrial land.

- It was reported in one workshop that the Region has now a relatively low representation of leading businessmen, who, as senior executives in successful corporations, contribute a great deal in voluntary economic development efforts and advice. An important resource from this senior layer of the white collar occupations has been depleted over the years, reducing the Region's economic intelligence, industrial contacts and prestige. Its attractiveness and status in the world of business has been commensurately reduced.

- The lack of regional identity among the residents of Niagara as a whole, was cited as a liability. When this was combined with low population growth and associated slowness in the development of such an identity, and with a reported lack of conviction regarding the real net benefits of industrial and commercial development among the general public, Niagara was regarded as being inadequately posed for effective economic development.

- In terms of public perception, it was reported that the Region might suffer some spillover from the New York Love Canal incident and associated dangerous chemical pollution.

- Parochialism, political bickering and a widespread lack of professionalism and regional vision and responsiveness were generally regarded as some of the most severe limitations to the Region's economic development potential. A better sense of cooperation, unity and responsibility is, in most respondent's views, urgently needed.

- There was considerable skepticism regarding the Provincial role in Niagara. The Ontario Ministry of Industry and Tourism is not held in great esteem by the Area Municipalities. It was reported that lengthy delays in industrialist's applications for funding assistance have occurred. It was reported that most industries go directly to Toronto to apply for assistance. The lack of information regarding the Ministry's role and resources for the Region was evident. It was suggested that the Province and the Federal government should formulate a joint economic development position for and with Niagara.

- The lack of clearly defined Provincial economic development objectives and programmes was generally regarded as a real disadvantage to Niagara.

- It was generally felt that the local representatives in the Provincial and Federal governments, while useful for disseminating information and other general purposes, were not high profile players in the Region's economic fortunes.

- It was generally felt that, with a few exceptions, the political attitude to economic development was both uniformed and negative.

- The number of Area Municipalities (12) was regarded by some as a disadvantage perpetuating some polarization between the more powerful larger urban municipalities and the smaller jurisdictions. The imbalance in economic (including expertise) and political clout exacerbated and perpetuated the Region's divisive parochialism.

- The area has skilled labour shortages. Some of these reflect the general shortage throughout Ontario. Part of the shortage has been associated with the presence of a number of large industries in the area.

- The severe financial strains on Area Municipalities were raised, and (for most) their inability to prepare and market serviced industrial lands was cited as a real disadvantage for the Region as a whole.

- The highly seasonal nature of the Region's economic base was regarded as a diseconomy for many industries and commercial operators and a strain on maintaining a stable labour force.

- While it has already been noted that Brock University and Niagara College were generally regarded as potential assets to the Region, and successful cooperative training programmes (e.g. with GM) have already been put in place, there was considerable concern regarding (a) the ideological persuasion of many staff members at the University, (b) the association of the University with high profile lobby groups, and (c) the continuing paucity of relevant courses at the University and Niagara College.

- While transportation is generally good within and from the Region, and Niagara has good access to and from New York and Montreal (within a business day) there are real deficiencies regarding (a) the lack of inter-urban transit within the Region, (b) congestion on and around the Burlington Skyway, (c) congestion in Niagara Falls in summer, and (d) the poor flight schedule at, and difficulties of access to Mount Hope.

- The lack of harbours at either end of the Seaway in Niagara was generally regarded as a significant disadvantage. The lack of scenic driveways and other routes and the absence of a number of scenic viewing points along the Seaway's length were reported as part and parcel of an underdeveloped resource (the Canal) and a real drawback to the Region's tourism potential.

- It was suggested that the Niagara Frontier Tariff Bureau (N.F.T.B.) was a disadvantage in Niagara's competitive strength. While there is no difference in charges at Niagara, Detroit and Ivy Lea border crossings, the actual presence of a premium on materials being trucked over the border is a concern.

- It was indicated that the predominance of capital-intensive industries in the Region was not a particularly advantageous development. Not only was the rate of job creation relatively low, but these industries, through wage rates, skill needs, services requirements and other factors encouraged the in-migration of similar operations. There was also some concern regarding the real net benefits to the Region given the focus of effective investment decision-making, the outflow of corporate profits and the array of land, servicing, administration and other resources consumed by these industries.

- The lack of substantial cottaging areas and the costs and distance to access these (e.g. in Muskoka) were cited as important disadvantages of a relatively peripheral region.

- The presence of long distance telephone zones within the Region, was mentioned as a drawback to business development.

- A number of respondents indicated that the high concentration of foreign ownership in the Region was a real liability and precluded many development options.

- Selected aspects of tourism (e.g. the take up of water for the summer flow in Niagara Falls, the low wage rates, lack of skill development, four-month economic year) were raised as potential liabilities to the Region's longer term and comprehensive economic development.

## ACTION - PROMOTION, DEVELOPMENT AND THE REGIONAL ECONOMIC DEVELOPMENT VEHICLE

There was considerable discussion regarding the requirements for a successful regional economic development programme. The workshops revealed a clear distinction between promotion and development as separate objectives to be addressed in any programme. A distinction was also made between international promotion and more localized publicity. Further, the question of a public education and information programme within Niagara regarding the role of area economic growth in community development, was also raised. Another output focussed on the need to identify the most efficient and effective vehicle, while being cognizant of the real world political and inter-municipal constraints in the area. In general, the consensus of opinion was that the economic development function should and must be centralized and that a thorough, and professional staff and programme of the highest calibre should be put in place.

The following points summarize the principal outputs from the four workshops.

- There should be a unified, high quality promotion programme for the entire Region.

- The division in promotion could be as follows:
  - International
    - A regional body
  - Canada
    - Individual or Groups of Area Municipalities
  - Within the Niagara Community
    - Individual or Groups of Area Municipalities

- Public education regarding the role and benefits of industrial and commercial development should be addressed immediately. In this regard it was suggested in one workshop that the Province should initiate a series of joint public seminars with the Region, to raise public awareness regarding the interrelationships between economic development and municipal finance.

- In the field of economic development activities it was the general opinion that a considerable and immediate effort was urgently required.
  It was agreed that the agency should be a centralized body with responsibility for the entire Region.

- Regional development priorities in terms of specific economic sectors and geographical areas should be identified and an action programme prepared with programme budget.
  The question of the net returns to capital intensive industry and the real growth prospects of the present base should be candidly examined.

- All three levels of government should coordinate and streamline their activities in a new concerted economic development programme.

- The matter of property assessment and inequities throughout the Region has to be addressed. Any way to reduce inter-municipal competition, to focus attention on the overall growth and development of Niagara and to share the returns of development among the Area Municipalities, should be immediately pursued.

- The disadvantages and liabilities summarized in this Report were regarded as areas for immediate action. Likewise, it was recommended that the central agency charged with the Economic Development Programme set about the preparation of a marketing plan to sell those primary assets of the Region (e.g. life-style, the U.S./Canada border location, skilled labour force), which have also been summarized in this Report.

- Without limiting them, certain projects which were suggested for immediate action deserve highlighting here. They include:

- identification of development priorities
- marketing plan (re: image and assets)
- placing of senior, qualified personnel
- centralization of economic development function
- public education programme
- integration of manpower needs and educational programmes including retraining and temporary pooling of skills
- preparation of a tourism plan with emphasis upon new developments
- investigation of the feasibility of a free trade zone encompassing the four border crossings
- programme to develop a regional identity and consciousness
- programme to aid Area Municipalities to develop more serviced industrial lands
- revise Regional Official Plan to include greater economic input, an implementation programme and more definitive and clearer direction
- standardization of zoning and other development ordinances across the Area Municipalities
- general streamlining of the entire development approval process
- placing more qualified planning staff in Area Municipalities with better economics and development credentials
- the potential of further cost-sharing schemes between Area Municipalities should be examined especially in the areas of economic development expertise, the provision of serviced industrial land and the associated provision of housing and community facilities
- funds should be identified and set aside for the regional economic development programme
- the Region should make a public statement of intent and commitment in the area of economic development displaying a positive, constructive and partnership approach to development
- the community should not only be further educated regarding the role of economic growth but should be involved directly in projects, e.g. vocal and demonstrated support for more 1 1/2 - 2 shift industries and/or a 4-day/10-hour day week
- a development programme for the Welland Canal zone and associated areas should be prepared
- better urban design criteria should be developed and applied
- the future of research and development in the Region should be addressed by a Task Force
- greater emphasis should be placed upon the female labour force resources of the area
- the Region and the Area Municipalities should accommodate the construction of selected high quality residential developments

- inter-urban transit within Niagara should be improved
- waste recycling and other conservation, energy efficient industrial developments should be vigorously explored
- part feasibility studies should be carried out
- the Region should become one telephone exchange zone
- critical support requirements for the continuing health of the present industrial base should be identified and acted upon.

- In terms of the development vehicle, while there was unanimity regarding the need to centralize the economic development function, there was no consensus regarding (a) the timing of centralization, and (b) the composition and responsibilities and the central agency.

- Among those who would evisage the Regional Municipality as the primary economic development vehicle there was concern that (a) their trust would be well founded, (b) a high ranking director of economic development would be hired, (c) the day-to-day operations would be free of petty political squabbling, and (d) the economic development resources presently in some of the Area Municipalities would be well used.

- Among those who supported the Regional Municipality as the central economic agency, previous successes in coordinating the urban boundaries issue and some municipal finance issues were cited.

  The Regional Tourist Council is viewed with some admiration by this group. This group, however, also raises the possibility of an interim arrangement, whereby the Region takes on selected responsibilities (e.g. promotion) and over time, is given more functions toward a comprehensive economic development capability.

- A modified version of the above proposal has the Region as the agency responsible for bringing in new industries and the Area Municipalities as the centres of responsibility for accommodating these and nurturing the present economic base.

- Another proposal consisted of a free-standing development corporation or commission, assisted by an economic advisory council and a small, well qualified staff. The Director would be responsible for the economic development of the Region. He would receive financial support from the Region and the Area Municipalities. A range of interest groups would nominate their representative on the advisory council. The chairmanship would rotate annually or bi-annually. The Region would be represented but would not direct the council or board of directors.

- Proponents of this concept, or variations on it, emphasized independence not only from politicians but also from civil servants.

- Another proposal took this a step further and suggested a development corporation which would manage and allocate a rotating account of development funds and take an interim interest in selected developments. Ideally the development corporation would, after an initial start-up period, be self-financing.

- Specification for the senior economic development officer included the highest professional qualifications, a clear mandate and a contractual position.

# APPENDIX 5

# REGIONAL NIAGARA ECONOMIC DEVELOPMENT STUDY: SURVEY OF RESIDENT INDUSTRIES

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ATTACHMENT

RESIDENT INDUSTRY INTERVIEW GUIDELINES

# REGIONAL NIAGARA ECONOMIC DEVELOPMENT STUDY: SURVEY OF RESIDENT INDUSTRIES

## 1. INTRODUCTION

The survey of resident companies in Niagara in response to Task 2.2 of the approved Study Programme (September 19, 1978), was undertaken to gain the resident industry view as to the various factors within the Region which either aided or hindered business operations. The survey was also designed to solicit opinions on current industrial development activity and the general business conditions existing within the Region. Interviews were conducted face to face with senior executives. In the interviews, opinions were discussed, clarified and recorded on the interview guideline sheet (see attachment).

Companies surveyed were selected with a bias towards newer companies (established post 1950) and smaller companies (less than 100 employees). Consideration was also given to obtaining as representative a geographic coverage as possible.

The survey was biased towards newer companies because executives of such companies are usually more aware of the reasons for locating in Niagara than those in older established companies. The preference for smaller and medium firms stemmed from the fact that such firms have, in recent years, been the major contributors to employment throughout Ontario.

In the following sections the findings of the survey of resident companies are set out. The initial section presents our judgements on the interview results. Subsequent sections present the

opinions of industry without our comments. Because the sample was not fully representative of industry in the Region, and because some of the interview comments were contradictory, our conclusions in this initial section should not be taken as final by themselves, but should be read in conjunction with the findings in other parts of the Report.

## 2. WOODS GORDON'S CONCLUSIONS

The Region is not homogeneous and the special attributes and problems of each area require special attention within an overall development concept. Nevertheless, certain common Regional problems and advantages can be identified. Before discussing these, we wish to draw the Region's attention to several other important matters.

First, the original rationale for several industries locating in the Niagara Region is no longer applicable, and thus many businesses are in the Region for historical rather than current reasons. In many cases it was reported that if they were choosing the best location in Southern Ontario today, it would not be the Niagara Region. Consequently, the Region needs to be particularly concerned about attending to the needs of existing industries so that they remain viable and that future expansion occurs in the Region rather than elsewhere in Ontario, Western Canada or the United States.

Second, it appears that the Region has become a "seed bed" for new and small companies. This is due in part to lower land and labour costs in the Region and it is obviously important that the Region should continue to provide the conditions that will nurture such developments.

Third, several local industries have located in the Region because of the personal preferences of the chief executives rather than the specific advantages of a Niagara location. These individuals often have several business interests and are not restricted to a particular geographic region when considering new enterprises. Consequently, the Region should ensure that all such executives are made to feel that the Region values them and will do all within its power to encourage their business activities in Niagara.

General Problems

- There is a significant planning and business promotional problem in the area. This is manifested by:
  - the lack of an overall planning concept for the Region and uncertainty as to the future of certain industrial lands
  - the failure to provide and service adequate amounts of industrial land
  - the apparent existence of examples of government indifference to new and existing industry
- The Region suffers from a lack of skilled labour in comparison to other regions. The St. Catharines area is not as well regarded in terms of labour stability as the rest of the Region.
- Amenities, (e.g. Shaw Festival, Marineland) are not perceived by industry as recreation resources for resident population, but only as attractions to tourists. This factor coupled with lack of prime residential areas has made it difficult to attract some executives to the Region.
- There is confusion between the Regional and local roles and uncertainty on the part of industry as to whom is responsible.
- Services are a problem (especially buses in the North and sewers in the South).
- There is opposition to the concept of Regional government and a divisive approach on the part of municipalities.
- Tourism and its promotion appears to be receiving the greatest attention by government officials whereas industrial development is given only limited attention.

- o The Region does have some transport disadvantages due to its location in relation to the main industrial and population centres of Ontario (especially Toronto). These disadvantages are most marked in the extreme southeast of the Region. The Burlington Skyway is a bottleneck and irritant for the whole region. However, the perception of transport disadvantages may be more significant than actual transport disadvantages. The Region is in general, favourably located in comparison to many other areas of Ontario and, with a few exceptions, transport within the Region is good.

General Advantages

- o Low land costs and taxes are a significant advantage, as are lower housing and construction costs (due in part to lower aesthetic standards for buildings).

- o The proximity of Niagara to the U.S. market and the fact that it is a major border crossing point is of advantage to some export oriented companies and some which derive parts and materials from the U.S. However, it must be recognized that these advantages are not strong for many manufacturing companies because they are primarily oriented to the domestic market.

- o The high quality of life in Niagara appears to be a significant advantage of the Region, although it is clear that not all executives share this view. The northern part of the region is better regarded than the south.

- o Proximity to the Hamilton steel industry.

## 3. RESIDENT INDUSTRIES' CONCERNS REGARDING THE NIAGARA REGION

The principal concerns expressed by resident industries regarding the Niagara Region are set out below:

- The adequacy of services provided by the Region.

- Some residents consider property taxes to be high, relative to the level of services provided. However, this does not mean to say that taxes are high in an absolute sense, or in relation to taxes in other regions.

- It is felt that there is a lack of serviced industrial land generally within the Region and in St. Catharines in particular.

- Related to the above comments regarding servicing and the availability of industrial land are concerns about the adequacy of municipal planning and development.

- Industries are unaware of any interest by the Region in industrial development. Moreover, they express confusion as to the role of the Region as compared to the municipalities with regard to industrial development.

- While transportation within the Region is perceived to be good, there is a concern about the perceived inaccessibility of the Region, e.g. Burlington Skyway; linkages to Southwestern Ontario and Toronto.

- Some companies find it difficult to persuade executives to locate in Niagara because of the lack of residential, social and cultural facilities in major cities.

- The shortage of skilled labour in some areas of the Region is felt to be a problem by many industries. Skilled labour rates are also felt to be high. Throughout the Region there appears to be concern that the large employers (GM in St. Catharines, Fleet in Fort Erie, etc.) are driving up wage rates as well as absorbing a large proportion of the available skilled labour, although this was particularly true in the northern part of the Region where companies also compete with Hamilton for their labour force.

- While there is evidence that noxious industries have located and remain welcome in Niagara, a number of respondents reported that there were protracted and costly delays in the development approval process due to environmental management policies and practices.

Concerns are not unanimous, reflecting some differences between the different parts of the Region as well as different local experiences. For example, officials in Grimsby were felt to be most helpful by one interviewee and totally unconcerned by another. Transportation is quite satisfactory according to some, for others, it is poor.

Areas of relatively minor concern, as expressed by companies interviewed, include:

- Lack of good restaurants for business lunches and company promotion activities.

- Lack of hotel accommodation and meeting facilities which could be used for sales meetings and for accommodating visiting executives.

- Poor rail service and high freight rates, in comparison to a Toronto area location.

- Inability to use the Welland Canal for shipping industrial materials from certain plant sites.

- Certain company executives were sympathetic towards the need to protect agricultural land from industrial encroachment, however, they expressed concern that the lack of a sound and clear-cut policy was having a negative impact both on agricultural and industrial development.

- Lack of a prestigious residential area.

- While unskilled labour is generally readily available certain companies located in rural/urban fringe areas found unskilled labour, particularly women, unwilling to travel any distance to work, e.g. more than walking distance.

While many of these concerns are real, in our view, others are perceptual in nature, and may not aid or hinder the particular business in an operational sense. However, since location decisions are based upon perceptions as much as reality it is important that any incorrect perceptions be corrected.

## 3.1 Details of Principal Concerns

The details of the principal concerns expressed by resident industries are as follows:

### Adequacy of Servicing

The most common concern expressed by companies in the Region is the inadequacy of services. Many companies are without complete servicing, which is creating a negative view of Regional

Government. (Indeed, some interviewees reported that services provision declined after the adoption of Regional Government.) Taxes are perceived to be too high relative to the services received. Among the common complaints are water pressure problems, inadequate policing, the fact that volunteer fire departments result in higher fire insurance rates, lack of snow removal and inadequate garbage collection. A number of firms indicated that they had been promised services or been given to understand that services were to be provided. They are greatly disappointed with the final outcome of no services or inadequate provision.

A few interviewees reported that the general attitude of the Region was poor. It was reported in two instances that the Region refused to purchase locally-produced goods and services, preferring instead, apparently equivalent products coming from Toronto. A suggestion was made to the effect that the Region should start treating the resident industries as its 'customers'.

Availability of Serviced Industrial Land

Serviced industrial land is not available in appropriate quantities throughout the Region. A number of the companies interviewed indicated that their locational decision was affected by the lack of industrial land. It was reported that companies have been unable to locate in their preferred areas because industrial tracts were not available. This was reported to be particularly a problem in St. Catharines. Another factor contributing to the lack of industrial land is the fact that the land in certain industrial parks has been sold without any convenants dictating the timing of construction, size of

building, etc. Companies have therefore acquired large tracts of land far in excess of their needs.

Adequacy of Government Planning and Development

Industry's perception is that the lack of an effective regional plan and a comprehensive industrial development strategy has resulted in servicing problems, a lack of industrial land and an attitude of divisiveness amongst municipalities. There is not, therefore, a perception amongst companies that the Region is a thriving, dynamic environment in which they can grow and prosper.

Interest of Region in Industrial Development

Executives interviewed indicated that they are generally unaware of the Region's undertakings in industrial development. There is an awareness of the activities of certain municipal business development officials, but many businessmen have never been contacted by either municipal or regional officials. Others reported that even when it was common knowledge that their company might close down, local officials made no attempt to contact the company to persuade it to stay. Businessmen do like to feel that they are welcome in a community.

Confusion Regarding the Responsibility of the Area Municipality and/or the Region for Industrial Development

Companies are unclear are as to the role of the Region as compared to the area municipality in industrial development. This may result in companies not contacting or utilizing the services of either. The problem is compounded by a widespread lack of contact, at the local level, between Municipal representatives and resident industrialists.

Transportation

Transportation within the Region is perceived by most companies to be very good. However, the transportation system between the Region and Southwestern Ontario is perceived to be underdeveloped. A number of executives reported that the Region was out-of-the-way with regard to the entire transportation network of Southern Ontario. Niagara's location, removed from the Toronto-Hamilton corridor, and the slowdowns caused by the Skyway Bridge are seen as negative factors. The Welland Canal is not as much of an advantage as it should be. Airport access and services are generally not held in high esteem.

However, there is some evidence that those industries which operate on a freight-collect basis (i.e. no shipping charges to the manufacturer) are less concerned about transportation factors. Trans-shipment through Toronto is generally regarded as a costly and time-consuming activity, adding to a Niagara firm's costs when competing in the Western Canadian markets.

Inability to Persuade Executives to Locate in Niagara

Companies find it difficult to attract executives from Toronto and other major cities. Executives may be unfamiliar with Niagara's potential and amenities or may perceive that their career would be better advanced in major urban areas, e.g. Toronto, Montreal, Calgary. Associated with this is the perception from some exectives that the Region does not possess a high quality and highly regarded residential area, such as Toronto's Rosedale. These individuals cited this factor as being detrimental to the Region.

Availability of Skilled Labour/Labour Rates

It was reported that there is a lack of skilled labour in Niagara generally and particularly in southern Niagara. Labour rates for skilled workers in the northern part of the Region are high because of the influence of several large unionized employers, e.g. General Motors. Smaller companies, therefore, have difficulty attracting and keeping skilled labour. This was reported to be a more severe problem in the Niagara Region than in other areas of the country. There is also some competition from the engineering consulting firms for skilled personnel.

## 4. RESIDENT INDUSTRY'S PERCEPTION OF THE GENERAL ADVANTAGES OF THE REGION

The principal advantages of the Region are seen by resident industries to be as follows:

- stable, quality labour force (skilled and unskilled)
- good supply of unskilled and semi-skilled workers
- good transport system within the Region
- access to U.S. markets
- seed-bed for small industry, an advantage confirmed by all other facets of our research to date
- low land costs relative to other Regions in Southern Ontario, e.g. Halton
- a receptive area for heavy, relatively noxious industries
- low housing costs
- proximity to Hamilton steel industry (for steel users and suppliers)
- area amenities including educational and cultural facilities, e.g. Shaw Festival
- raw material supply from the region (e.g. groups) or from the U.S. (as state)
- low taxes.

Minor advantages are perceived to be:

- high accessibility to a variety of towns while operating in a rural environment
- pleasant local surroundings, e.g. "small community atmosphere"
- weather is temperate with mild winters by Canadian standards
- proximity to Buffalo airport.

## 5. RESIDENT INDUSTRIES' PERCEPTION OF THE PRIMARY ADVANTAGES/DISADVANTAGES OF THE REGION BY INDUSTRY GROUP

This section lists the various advantages and disadvantages with regard to operating in the Region reported by resident industries in the Niagara Region. These have been disaggregated according to industry type and are presented in the accompanying table. The figure in brackets behind each factor indicates the number of mentions the factor received.

It appears that specific factors are of concern to specific industries. For instance, the fact that Niagara is a considerable distance from the major markets is a distinct locational disadvantage to the food and beverage industry, the machinery industry and the chemical products industry, yet of relatively little importance to wood industries, printing and publishing industries, metal fabricating industries and the electrical products industry. Similarly, proximity to a skilled labour force is of importance to the printing and publishing industry, the primary metals industry, the metal fabricating industry, the machinery industry, the transportation equipment industry, the electrical products industry and the chemical products industry while the lack of a skilled labour pool was mentioned as being a detrimental factor by the wood industry and the paper and allied industries. To a large degree, these industry specific factors will be the sort of local considerations that will either positively or negatively affect the growth performance of that industry in the Niagara Region, regardless of that industry's performance at the national level. (See Appendix 1 - Section 2.2.2 of this document, The Recent Growth and Structural Change of Manufacturing Industries.)

## 6. RESIDENT INDUSTRIES' PERCEPTION OF THE PRIMARY ADVANTAGES/DISADVANTAGES OF THE REGION BY LOCATION

For the purposes of this assessment, the Regional Municipality of Niagara has been divided into northern and southern sections as follows:

Northern Niagara - consisting of the area municipalities of Grimsby, Lincoln, St. Catharines, Niagara-on-the-Lake, Thorold and Niagara Falls.

Southern Niagara - consisting of the area municipalities of West Lincoln, Pelham, Wainfleet, Welland, Port Colborne and Fort Erie.

Of the total of 31 industries interviewed, 15 were conducted in the southern part of the Region.

### Southern Niagara

Industries located in this area see the following advantages.

### Advantages

- reasonable labour rates (5)
- well situated in transportation network (2)
- proximity to U.S. (Buffalo) (2)
- close to local markets (2)
- quality of life (1).

They also see the following disadvantages:

### Disadvantages

- transportation problems (6)
- freight costs (3)
- sewers (2)
- too far from markets (1)
- getting adequate power (1)
- competition from U.S. (1)
- intra-Regional communications (1)
- limited amenities of Region (1)
- schools not good (1)
- high wage rates (1)
- water quality (1).

Northern Part of Region

Industries located in this area see the following advantages:

Advantages

- access to skilled labour pool
- well situated in transportation network (4)
- proximity to suppliers (3)
- nice place to live (2)
- proximity to consumer markets (1)
- climate (1)
- proximity to complementary industries (1).

They also see the following disadvantages:

Disadvantages

- high wages/unionization (3)
- distance to Toronto (2)
- poor bus service (2)
- services provision (2)
- poor labour pool (1)
- climate (humidity) (1)
- tourism interferes with industry (1)
- high taxes (1).

It appears that there is a pattern that emerges with regard to the perception of various operational factors in the northern as opposed to the southern part of the Region. In the north, there tends to be a common perception that the rates for skilled labour are high, due to the high degree of unionization. In the south, however, labour rates are generally perceived as being reasonable.

Another major disparity occurs with regard to perceptions of the transportation network. In the southern part of the Region, freight costs and the general situation in the transportation network are thought to be disadvantageous factors. Conversely, in the northern part of the Region, industries thought themselves to be well situated in the transportation network.

Additionally, other locational commonalities emerged from the survey. In the south, the proximity to the U.S. (specifically Buffalo) was mentioned as an advantage. Another commonly-mentioned advantage was the proximity to local markets. A disadvantage in the southern part of the Region that was mentioned was the provision and capacity of sewer services.

In the northern part of the Region, the proximity to suppliers and the quality of life were mentioned as being advantageous factors. Perceived disadvantages of the Region are services provision (specifically bus services) and, for two industries, the distance to Toronto.

On the whole the view of industry in the Southern part of the Region is more negative than that of those in the North.

## 7. CHARACTERISTICS OF COMPANIES INTERVIEWED

Thirty-one (31) industries currently operating in the Region were interviewed. The geographical distribution of companies interviewed was as follows:

GEOGRAPHICAL DISTRIBUTION OF RESIDENT INDUSTRIES SURVEYED

| Area Municipality | |
|---|---|
| Fort Erie | 6 |
| Niagara Falls | 4 |
| Port Colborne | 3 |
| St. Catharines | 6 |
| Welland | 2 |
| Grimsby | 4 |
| Niagara-on-the-Lake | 1 |
| West Lincoln | 2 |
| Thorold | 1 |
| Pelham | 2 |
| TOTAL | 31 |

The distribution in terms of size was as follows:

SIZE DISTRIBUTION OF
RESIDENT INDUSTRIES SURVEYED

| Size | No. of Firms | Total Employment |
|---|---|---|
| 1-19 | 13 | 120 |
| 20-49 | 8 | 318 |
| 50+ | 10 | 1,455 |
| Total Employment | | 1,893 |

The distribution in terms of date of initial location in the Region was as follows:

AGE DISTRIBUTION OF RESIDENT INDUSTRIES SURVEYED

| Pre-1949 | 1950-59 | 1960-69 | 1970-79 | Total |
|---|---|---|---|---|
| 9 29.0% | 4 12.9% | 3 9.7% | 15 48.4% | 31 |

Since 1950 - 22 - 71%
Since 1960 - 18 - 58.1%
Since 1970 - 15 - 48.8%

In terms of the origin of the firms interviewed, the following pattern emerged:

| | Primary Operation or Head Office | Branch Plant | Total |
|---|---|---|---|
| Operation Indigenous to Niagara Region | 15 | 4 | 17 |
| Operation Moved to Region | 7 | 3 | 7 |
| Total | 24 | 7 | 29* |

* Information unavailable for two firms.

In terms of the types of firms interviewed the following profile emerged:

| Industrial Classification | 1979 Employment in Region | No. of Firms Interviewed |
|---|---|---|
| Food and Beverage | 3,568 | 3 |
| Tobacco Products | - | - |
| Rubber and Plastics | 1,031 | - |
| Leather Industries | 361 | - |
| Textile Industries | 1,645 | - |
| Knitting Mills | 195 | - |
| Clothing Industries | 235 | - |
| Wood Industries | 669 | 1 |
| Furniture and Fixtures | 261 | - |
| Paper and Allied | 4,207 | 1 |
| Printing, Publishing and Allied | 960 | 1 |
| Primary Metals | 6,190 | 2 |
| Metal Fabricating | 5,740 | 8 |
| Machinery Industries | 6,078 | 4 |
| Transportation Equipment | 10,166 | 2 |
| Non-Metallic Mineral Products | 2,789 | 1 |
| Electrical Products | 2,811 | 1 |
| Petroleum and Coal | 37 | - |
| Chemical and Chemical Products | 1,767 | 7 |
| | | 31 |

Because the survey was deliberately biased towards newer, smaller companies and because it was also considered desirable to obtain a reasonably representative geographic distribution, the survey could not be fully representative in terms of industry type. Nevertheless, 52% of our interviews was in the four largest employment sectors identified above. It is also important to remember that a number of the larger manufacturing interests were represented at the Workshops (see Appendix 4).

# APPENDIX 6

Woods Gordon

# REGIONAL MUNICIPALITY OF NIAGARA
# ECONOMIC DEVELOPMENT STUDY
# SURVEY OF NON-LOCATING MANUFACTURERS

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# REGIONAL MUNICIPALITY OF NIAGARA
# ECONOMIC DEVELOPMENT STUDY
# SURVEY OF NON-LOCATING MANUFACTURERS

## INTRODUCTION

A survey of manufacturers locating outside the Region of Niagara was conducted to:

a) assess the comparative strengths and weaknesses of the Regions' locational characteristics in the eyes of businessmen who decided not to locate their operations in Niagara,

b) identify the most important factors influencing the decision to locate outside Niagara, and

c) identify locational factors which Niagara can, in the future, actually influence in their favour.

The survey was conducted by telephone in November 1979 and included fifty-one (51) manufacturing establishments from across Canada and the United States who had located or relocated since 1972. The firms were identified through the Industrial Development Commissioners in the area municipalities in Niagara's competitive region, various Industrial Directories and Woods Gordon's own internal sources on relocating industries. A copy of the interview guideline used in this survey and administered to each firm is appended to this Appendix of the Report.

Within each manufacturing establishment, the "key" corporate personnel involved in the firm's (re)locational decision was identified and they provided the required information. We were particularly interested in finding out four (4) specific items of information. The first concerned the impression or image each executive

Central Ontario within Niagara's competitive region. They appear to be expanding their employment rapidly which suggests that our survey has included a number of viable, expansion-oriented businesses that are performing well.

B. ISSUES AND CONCERNS

In this section of the Appendix we will summarize the principal findings from the surveyed firms which (a) did not seriously consider locating in Niagara, and (b) which did seriously consider Niagara but eventually decided to locate elsewhere. Sixteen (16) of the establishments contacted did not consider Niagara for a number of reasons. These are summarized in Table 2 opposite. Over 40% of those who didn't consider Niagara were influenced by market/client or supplier requirements. An additional third of the firms who did not consider Niagara either owned industrial land elsewhere, lived elsewhere and did not intend to move or were restrained from moving very far from their present labour force because of relocation expenses. The remaining 22% provided some reasons which were more specific to Niagara and included (a) its poor location for one firm's product distribution, (b) a lack of previous knowledge of the area, (c) a greater interest in Buffalo, and (d) the fact that an opportunity for acquisition occurred elsewhere.

While these reasons reinforce the idea that non-discretionary constraints such as markets and suppliers have a strong influence over locational decisions, the executive's impression of Niagara has played a predominant role. We inquired about each executive's image of Niagara - specifically the advantages and disadvantages that would be encountered in locating in the Region.

Table 1 opposite illustrates the types of industries contacted by their year of start-up. Just under half (47%) of the 34 establishments contacted considered moving after 1977.

Of the 34 industries contacted, 21 were establishing new manufacturing operations, 7 were relocating, 2 were expanding rather than moving, 2 were combining a new operation with a relocated activity and 2 firms had acquired older businesses. The relocators moved from Hamilton (2), Peel (2), Brant (2), Toronto (1), Hastings (1) and Massachusetts (1).

The head offices of the 34 firms contacted were concentrated in Southern Ontario in Peel (7), Hamilton-Wentworth (5), Waterloo (4), Metro Toronto (4), Brant (4), Wellington (2), Halton (1), Haldimand-Norfolk (1) and Essex (1). Five firms contacted outside of Ontario included manufacturers from New York State (2), Quebec (1), Ohio (1), and Texas (1).

The establishments we surveyed had a total current employment level of 4,405 for an average size of 130 employees. This employment had grown by 33% from a total of 3,305 employees or an average of 97 employees during start-up of operations. This growth was distributed amongst all the firms and several had not reached full employment levels. Additional employment increases are anticipated from many of the manufacturers.

In summary, our survey involved a broad sample of manufacturing industries who have moved or will soon move into the lower Great Lakes Region of Canada and the United States since 1972. The bulk of these establishments (61.8%) were new businesses, operating in

TABLE 1

TYPES OF INDUSTRIES SURVEYED BY START UP YEAR 1972-1979

| Industry Type | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | Planned Start Up | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Metal Fabricating | | 1 | 1 | | 1 | | 1 | | 1 | 5 |
| Machinery | | | 1 | | 1 | 1 | | 1 | 1 | 5 |
| Transportation Equipment | 1 | | | 1 | | | 1 | 2 | | 5 |
| Chemicals and Chemical Products | | | 1 | | | | | 1 | 1 | 3 |
| Rubber and Plastics | 1 | | | | | | | 1 | 1 | 3 |
| Clothing Industries | | | | | | 1 | 1 | 1 | | 3 |
| Electrical Products | | | 2 | | | | | 1 | | 3 |
| Paper Products | 1 | | 1 | | | | | | | 2 |
| Wood Industries | | | 1 | | | | | | | 1 |
| Furniture and Fixtures | | | 1 | | | | | | | 1 |
| Leather Industries | 1 | | | | | | | | | 1 |
| Petroleum Products | | | | | | | | 1 | | 1 |
| Misc. Mfg. | – | – | – | – | – | – | – | 1 | - | 1 |
| Total | 4 | 1 | 8 | 1 | 2 | 2 | 3 | 8 | 4 | 34 |

## TABLE 2

## INITIAL REASONS FOR NOT CONSIDERING NIAGARA

| | # Times Mentioned | % |
|---|---|---|
| Outside Target Market/Clientele | 8 | 44.0% |
| Owned Land Elsewhere | 2 | 11.0 |
| Lived Elsewhere - No Intention to Move | 2 | 11.0 |
| Required Relocating Employees | 2 | 11.0 |
| Poor Distribution Centre | 1 | 5.5 |
| Contacts Did Not Suggest Niagara | 1 | 5.5 |
| Considered Buffalo Instead | 1 | 5.5 |
| Opportunity Not Available - Acquisition | 1 | 5.5 |
| | 18 | 100.0% |

held of Niagara. The second item was the reasons why non-locating manufacturers might not have considered Niagara. The third involved the overall factors that were considered by industries which evaluated Niagara as a potential location. Finally, we enquired about the single most important factor which eventually influenced their decision. This data was augmented by information on the industries themselves, the decision process involved and any changes that the executive felt could be made to improve Niagara's attractiveness.

## A. INDUSTRIES SURVEYED

Our survey identified fifty-one (51) industries which had started up since 1972 or planned to start up in the near future in the Great Lakes Region of Canada and the United States. Seventeen (17) of the 51 firms we identified would not or could not complete an interview because the original decision maker was gone, they were uncooperative or an interview could not be arranged. We obtained interviews with 34 of the firms, 18 (53%) of which had seriously considered locating within Niagara Region. The remaining 16 firms of the 34 interviewed only partially completed an interview because they did not seriously evaluate Niagara. The following chart identifies the number of firms by their response and the reasons for that response.

| # of Firms | Response | Reasons for Response/Non-Response |
|---|---|---|
| 17 firms | no response | uncooperative, original decision maker and details unavailable, unable to arrange interview |
| 16 firms | partial response | did not seriously consider Niagara |
| 18 firms | full response | did seriously consider Niagara |
| 51 firms | | Total identified for survey |

## TABLE 3

## ADVANTAGES/DISADVANTAGES OF LOCATING IN NIAGARA

### A. ADVANTAGES

| # Times Mentioned | |
|---|---|
| 15 | Location - Proximity to Buffalo, Hamilton, Buffalo Airport, General |
| 5 | Image - Environmental Assets, Attractiveness, Minor Centres, Rowing Background |
| 4 | Transportation - Trucking Access, Port, General Access |
| 3 | Industry - Analogous |
| 3 | Labour - Skills |
| 2 | Land - Availability, Costs |
| 2 | Suppliers/Clients - Tourism Attractions/Market |
| 1 | Climate - Snowfall |

### B. DISADVANTAGES

| # Times Mentioned | |
|---|---|
| 14 | Labour - Rates, Loss of Employees, Instability, Tourism Oriented, Similar Unions, Weak, Expensive |
| 8 | Suppliers & Market - Would Leave S&M, Niagara Oustide, On Edge |
| 7 | Image - Using Farmland, Liability, Love Canal, Escarpment Issue, Depressed Region, Chronic Unemployed, Remote |
| 5 | Transportation - Common (Road/Rail) Carriers Slow, Outside Airports, Rates Lack Advantage |
| 5 | Land - Costs, Site, Land Block Availability |
| 3 | Industry - Types Present, Competitor Established |
| 3 | Facilities - Limited Availability of Buildings |
| 2 | Location - Central, Poor Distribution Point |
| 1 | Services - Lost Cheap Power Advantage |
| 1 | Taxes - Excessive |

Note: Underlined factors signifies those which have been mentioned more than once.

Table 3 lists the results obtained from this question and identifies several issues and concerns.

In terms of perceived advantages, the principal factor mentioned by the 34 executives surveyed was Niagara's location. Its proximity to Buffalo and the U.S. and to a lesser extent, Hamilton, was seen as a definite advantage. Several other factors, including Niagara's image as an attractive area to live and work, its transportation advantages, especially those concerning trucking, the broad range of industries and the skilled labour force were also mentioned as advantages for (re)locating manufacturers.

In terms of perceived disadvantages, a major issue identified by the 34 "key" executives responsible for making locational decisions was the instability of the labour force in Niagara. Other labour-related factors included the potential loss of skilled workers in a move, the high wage rates associated with major employers in the Region, the tourism-oriented seasonal labour force, unionism, and areas of weak labour skills (particularly in the needle trades).

To a lesser extent, the presence or characteristics of suppliers and markets in Niagara were regarded as a disadvantage. Suppliers in Niagara were seen as being smaller, fewer in number and, as a result, less secure than those found in the Metro Toronto-Hamilton industrial region. Niagara was also seen as being on the edge or outside of the Central Ontario market.

Niagara's image was also seen as a disadvantage. Poor publicity on issues such as the Love Canal, the loss of farmland, the escarpment and Niagara's image as a depressed region also influenced executives.

## TABLE 4

## FACTORS CONSIDERED BY A (RE)LOCATING INDUSTRY

| # Times Mentioned | |
|---|---|
| 15 | Labour Force - Skills, Mix and Type, Wages, Availability |
| 10 | Services/Market - Distance, Distribution, Competitors |
| 9 | Transportation - Access |
| 9 | Facilities - Costs, Build Versus Lease |
| 7 | Land Availability - Serviced Industrial Sites, Cost |
| 4 | Services - Water, Industries, Educational Facilities, Utilities |
| 3 | Start Up and Operating Costs - Relocation Expenses |
| 2 | Location - Proximity to the U.S. |

Also Quality of Life, Analgous Industries, Climate, Outside Toronto, Job for Wife.

Perceived transportation problems were related to the slowness of common carriers (both rail and road) and the lack of airports with regularly scheduled national and international flights. Land availability was also seen as a disadvantage, ranking even with transportation problems. The presence of several large and dominating employers with significant control over labour supply and wages in Niagara, the availability of facilities, the Region's general location and taxes were also mentioned.

We enquired about the importance of suppliers and clients in a relocation to better understand the strength of each locating or relocating firm's ties with their original location. Of those contacted, 19 establishments indicated suppliers and markets were of importance in their decision, while 15 indicated that they were not as constrained because of the abundance of suppliers and/or the nature of their market (e.g. national as opposed to provincial or Metro Toronto oriented). The importance of supplier and market locations per se was not great but their relative strength as a factor influencing a locational decision was important and is dealt with further in Section C.

## C. LOCATIONAL DECISION FACTORS AND THE PROCESS

The factors influencing a locational decision and the process involved were addressed by the eighteen (18) firms who seriously considered Niagara as an alternative location. A (re)locating industry will take a variety of factors into account before deciding on any one location. Table 4 opposite provides a ranking of the factors mentioned by the manufacturers we surveyed, based on the number of times they were mentioned.

The factor mentioned most often was the labour force - the mix, type, availability of skills and wage levels. The location of suppliers and markets, the location of competitors and the distribution potential of Niagara were the second ranking items. Transportation access and facilities were the next two most common factors mentioned. Along with land availability and basic services, these factors comprised over 80% of the responses to this question. The remaining factors which were mentioned included some personal factors such as the quality of life and the availability of a job for a senior executive's wife. It is not rare for these types of personal preferences and related non-economic or "non-rational" factors to influence a major industrial decision.

The factors identified in Table 4 can be compared to the disadvantages listed in Table 3. The first two factors, labour and suppliers/market, which account for almost half the responses in each, are identical which helps explain why these firms did not locate in Niagara.

In terms of the information gathering process for their location or relocation search, each of the 18 firms surveyed evaluated Niagara on the basis of data gathered from a number of sources. The following list illustrates the sources used by the businessmen we surveyed. It is interesting to note that on average, two (2) sources were used by every firm.

## TABLE 5

## SINGLE MOST IMPORTANT FACTOR INFLUENCING LOCATION

| # Times Mentioned | |
|---|---|
| 5 | Labour - Skilled Machinists and Assembly Workers, Metal Workers, Stable and Available, Unionism |
| 4 | Market - Distribution Potential, Transport Access |
| 4 | Building - Availability, Expand or Build |
| 2 | Analogous Industries - Specific Operators |
| 1 | Proximity to Hamilton |
| 1 | Cost of Relocation |
| 1 | Wife's Opportunity to Obtain Job |

| Sources | Specific Contacts | # of Times Consulted |
|---|---|---|
| Municipal Related | - Department Employees | 4 |
| | - Industrial Development | 9 |
| | - Elected Officials | 1 |
| Business Related | - Consultants | 4 |
| | - Business Associates | 2 |
| | - Can. Mfg. Association | 1 |
| | - Chamber of Commerce | 1 |
| | - Realtors | 3 |
| Other Government | - Federal | 4 |
| | - Provincial | 7 |

The most popular source was municipally related contacts, especially industrial development commissioners. Business related contacts and other levels of government are also used, with the Ministry of Industry and Tourism being the second most common specific contact or source.

Of the eighteen (18) firms who seriously considered Niagara, two thirds of them requested and received promotional and technical data from Niagara. Except for two who had consultants evaluate the information, all the executives who received data felt it was current and relevant to their needs.

In addition to the general factors that were considered by (re)locating establishments, we also asked for the single most important factor which influenced the final decision. Table 5 ranks these factors in order of importance based on the number of times mentioned. As in the general factors, the labour force was identified more often than any other, particularly in relation to skilled machinists and assembly workers. The distribution potential to markets and the availability of buildings also ranked highly amongst executives

## TABLE 6

## REGIONS/COUNTIES COMPETING WITH NIAGARA

| # Times Mentioned | |
|---|---|
| 7 | Waterloo - Kitchener, Waterloo, Cambridge |
| 6 | Wellington - Guelph, Fergus |
| 6 | Halton - Burlington, Milton, Oakville |
| 5 | Hamilton-Wentworth - Hamilton, Stoney Creek |
| 4 | Peel - Mississauga |
| 3 | Elgin - St. Thomas |
| 3 | Frontenac - Kingston |
| 3 | Metro Toronto - Etobicoke, Scarborough |
| 2 | New York - Corning, New York |
| 2 | Quebec - Montreal, Trois Riveres |
| 2 | Oxford - Tillsonburg, Woodstok |
| 2 | Florida - Jacksonville, Miami |

Also Kent (Chatham), Durham (Whitby), Simcoe (Barrie), Brant (Brantford), Washington (Seattle), New Jersey, California, Pennsylvaia.

as being key to the locational decision. Again some personal and subjective reasons do result in the selection of one location over another, as is seen in the last factor mentioned on that table.

## D. NIAGARA'S ATTRACTIVENESS

### (i) General

We attempted to identify the attractiveness of each of the area municipalities on a relative basis by ranking the number of times each was considered. The following list illustrates the frequency each municipality was considered by the 18 manufacturers seriously considering Niagara.

| | |
|---|---|
| 4 | St. Catharines |
| 3 | Niagara Falls |
| 3 | Fort Erie |
| 2 | Welland |
| 1 | Grimsby |
| 1 | Lincoln |
| 1 | Port Colborne |
| 1 | Thorold |
| 1 | West Lincoln |

St. Catharines was identified most often, followed by Niaraga Falls and Fort Erie. Welland is the only other area municipality mentioned more than once. The municipalities which go unmentioned are Wainfleet, Pelham and Niagara-on-the-Lake.

The regions and counties considered along with the above area municipalities as alternative locations give an indication of the areas competing with Niagara and their attractiveness. Table 6 lists these competing municipalities and other locations. Waterloo, Wellington and Halton are strong competitors followed by Hamilton-Wentworth and Peel. These areas were mentioned in 62% of the

## TABLE 7

### Ranking of Positive Factors

| # Times Mentioned | | |
|---|---|---|
| 3 | Transport | - costs good, Seaway a plus, U.S. access good |
| 1 | Labour | - good demographics |
| 1 | Land | - adequate |

### Ranking of Negative Factors

| # Times Mentioned | | |
|---|---|---|
| 4 | Labour | - weak needle trade, costs high, tourism-oriented, not industrial, scarce and militant |
| 4 | Markets/ Suppliers | - distribution potential poor, distant |
| 3 | Facilities | - poor selection |
| 1 | Image | - poor livability |
| 1 | Transport | - poor links |
| 1 | Taxes | - corporate tax high in Canada |
| 1 | Land | - high costs |

cases as the competitors. The actual centres identified in the survey are also listed, with those which were mentioned more than once being underlined.

In terms of overall ranking, Niagara's performance was not favourable. Only two (2) of the firms evaluating Niagara, yet locating elsewhere, ranked Niagara first overall. They did not move into the Region because economics did not allow them to complete their plans or they could not obtain the necessary approvals. Three (3) firms interviewed ranked Niagara second overall. One (1) firm felt that the distribution potential was low in Niagara and the other two (2) were influenced by their impression of the labour situation. Three (3) firms ranked Niagara third overall, one because of image and the remaining two because of market distribution problems. One firm evaluated Niagara fourth. The remaining nine (9) firms gave Niagara a lower rank or did not rank it at all.

In ranking Niagara's attractiveness as an industrial location, 4 (22%) of the 18 firms surveyed who considered its potential seriously felt that personal contact with local officials and representatives had some influence on their eventual ranking of Niagara. In all cases, there was a strong positive influence elsewhere which led to a decision to locate in that region. While all agreed that personal contact was not of great significance, some felt that it did have an effect on their evaluation of the area. The majority of executives felt that their firms decision was objective, made in many cases by a group of senior executives. They were generally of the opinion that some promotions were better than others, but the promotional aspects had no great influence.

(ii) Specific Factors

In terms of the ranking of individual factors, Niagara's position in several of these was reported as being particularly disadvantageous. Negative ranked factors included the labour force (with weak skills, militant workers and high costs), market/supplier access (poor distribution potential and distant markets) and a poor selection of facilities (e.g. speculative buildings). Transport was regarded as a positive factor for the area in terms of costs, access to the U.S. and the Seaway. Table 7 lists these factors and several others for comparison.

Niagara's attractiveness as an industrial location could be improved in several ways. The recommendations that were made by the industrialists we contacted concentrated on (a) the approach of the Region towards economic development, (b) the focus of Niagara's marketing efforts, and (c) the assets and liabilities of the area.

(a) Approach

The Ministry of Industry and Tourism was described as the best champion of Niagara. It was credited by several manufacturers as having directed their interests towards the Region when they themselves would not have considered it as an alternative. Two comments from firms who seriously considered Niagara, suggested that a regional approach to economic development that was non-parochial would be more helpful in their evaluations. They felt their review of the potential locations in the Region was limited and they became embroiled in parochial issues between municipalities offering essentially the same advantages and resources.

(b) Clients for Marketing Programme

It was felt that Niagara should improve the direction or targetting of its marketing efforts. The almost day-to-day market contact required by some manufacturers/distributors necessitates, more often than not, a location other than Niagara. Niagara seems to be most attractive to, and should be targetting firms which have a national or international market as opposed to only Central Ontario. Most executives felt that that market had restricted access from Niagara and that the best location for a business with those requirements was within the market (e.g. Halton, Waterloo).

(c) Assets and Liabilities

Specific improvements that should be considered by the Region include improving the general knowledge of some regional assets and removing or improving upon some regional liabilities. The transportation and communications advantages of Niagara should be stressed in any approach to businessmen, as well as the proximity to the U.S. In addition, the availability of airports in Buffalo and at Mount Hope should have more emphasis in presentations to businessmen (both written and oral). One liability that could be improved concerns common carriers (rail in particular) and their linkages to Toronto and the competitive regions in Central Ontario. The other liability is the shortage of speculative buildings in the Region.

These factors could be improved immediately to enhance the attractiveness of Niagara as an industrial location.

SUMMARY

Woods Gordon contacted 51 firms in a survey of industries which had located outside of Niagara since 1972. Of the 51 firms contacted, 17 firms did not respond because the original decision-maker and details were unavailable, the firms were uncooperative or an interview could not be arranged. Sixteen (16) partially responded but did not complete the interviews because they did not seriously consider Niagara as an alternative location. The remaining 18 firms gave a full response. The latter 34 firms who responded wholly or partially exhibited strong growth, and were concentrated in Central Ontario but extended as far as Texas, Quebec, New York and Ohio.

Impressions of Niagara

The principal advantage for Niagara as an industrial location was its proximity to Buffalo and the U.S. and to a lesser extent Hamilton. Its image as an attractive location and the good transportation accessibility, especially for trucking, were also noted as advantages.

The major disadvantages identified were the instability of the labour force, the potential loss of employees in a move to Niagara, the loss of suppliers and markets and the poor environmental and economic image the Region projects. Other disadvantages mentioned include the lack of available industrial land blocks and the limited availability of built industrial space.

Locational Factors

The five factors identified most often by (re)locators considering a move were:

1. labour force - skills, mix and type, wages, availability
2. suppliers/markets - distance
3. transportation - access
4. facilities - costs
5. land - availability of serviced sites.

The four factors identified as being key to the location decisions which led the surveyed firms locating outside of Niagara include:

1. labour - skills
2. market - distribution potential
3. facilities - building availability
4. analogous industries.

Suggested Improvements

Improvements suggested by the executives surveyed included:

- a regional, non-parochial approach be adapted
- Niagara must target industries with a national or international market
- improvements be made to the folloiwng Regional assets and liablilities:
  - stress transportation and communication advantages such as proximity to U.S. and Hamilton airport
  - improve common carrier linkages to Toronto and Central Ontario
  - improve the inventory of speculative buildings.